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# West Europe Report

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7 January 1986

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POLITICAL

AUSTRIA

SINOWATZ LEADERSHIP, STRATEGY OF SOCIALIST PARTY VIEWED

Vienna PROFIL in German 11 Nov 85 pp 16-21

[Article by Hubertus Czernin: "'Persons Harmful to the Party Out for Blood'--After 2 Years in Office, Fred Sinowatz Has his Party Under Firm Control, as a Party Without an Ideological Image, and Without Deviators"]

[Text] It was supposed to turn out a tranquil party congress at the Vienna Stadthalle. With a lot of futurism a la "90 Perspectives," with a lot of Kurt Steyrer and a report by the party chairman marking a turning point in the history of Austrian Social Democracy.

As always before important addresses, Fred Sinowatz planned to spend the weekend before the 29th Regular SPOe [Austrian Socialist Party] Congress at his place in Neufeld to put the final touches to the text by hand.

In the days before, he had worked out the key points of his report with staff and friends.

The SPOe, Sino's position was, could no longer be just a party of the proletariat, for the class structure had become porous. The party had become a party of the working person. "What is at stake for us," explains SPOe Vice Chairman Karl Blecha, "is a middle class--the majority of the population today--which has a better than average education but economically is rather insecure, because our core, the stratum of the classic class-conscious worker, is becoming smaller and smaller."

As Sinowatz told intimates, the party must also change the criteria of its functionaries, however; "just because one does not steal any silver spoons does not mean by a long shot that one has fulfilled one's task." The party needed the kind of staff that was oriented toward performance, experts who were open toward the base and learned how to accept the fact that losing a post should not "immediately be regarded as punishment for a mistake"--to quote Central Secretary Peter Schieder.

Yet even before the delegates had assembled at the Vogelweidplatz in Vienna Monday morning, untoward incidents threatened the smooth party congress production portraying the SPOe as a "party of the social center"--to use Fred Sinowatz' term.

There is the case of Guenther Nenning, whose appeal against expulsion from the party--last April--the Federal party executive intended to stifle with a 30-line proposal. Guenther Nenning, the proposal (No 109) states, "shook and demotivated the staff at the base by constant and complete defamation of the party in public."

There is the case of Burgenland Province President Theodor Kery, who had been compelled by his own provincial organization to run anew for the presidium and executive board. The Burgenlander wanted to spare himself the trouble of having to participate in decisions on provincial policy--and was taken to task by the Pussta party. He could not now of all times leave fellow Burgenlander Fred in the lurch.

And then there is the case of Ottolie Matysek who had tried in vain to be seated as a delegate at the party congress. Even the Federal Women's Congress had excluded her.

So the former leader of the Burgenland Landtag [provincial diet] SPOe deputies, never at a loss for a way out, sent letters to party comrades by the score presenting "some facts and background information for your personal use." The letter, dated 5 November, signals the definitive political end of the woman whose downfall had occurred on 20 May. She writes: "The greater my distance from the unbelievable events, the better I realize that I cannot have the 'confidence' of this honorable society." And: "If only in order not to burden the functionaries, I am considering withdrawing from all posts."

The package sent out by the pugnacious politician to all and sundry comprises an 8-page letter presenting a chronology of the ongoing events and 14 enclosures--letters to and from Fred Sinowatz, documents showing comrades delighting in one another.

The aim of this indictment is Fred Sinowatz--not Kery, her patron for many years, who according to a letter from Matysek to the Federal Chancellor dated 23 July 1985 is "a province ruler lashing out wildly with utterances and apparently utterly removed from reality." There is a lot one can do with such a man, she suggests--but not argue. "I feel betrayed by him."

Then Sinowatz gets what is coming to him, because he "massively participated in this unsightly action, even at the expense of the truth." Embittered, Matysek says: "I am...aware of losing this 'fight,' which I never wanted. The reason is that I am still not managing to make the public realize what damage is being done to this country and party, with the assistance of the Federal chancellor, by a group of 'persons harmful to the party out for blood,' who eliminate anyone warning against these developments."

The chancellor, she claims, telephoned members of the Young Socialists, saying: "How can you back Matysek, who has more weapons than Kery and goes duck hunting with Androsch?"

Vis-a-vis members of the Federal party executive board, he had launched a "similar (but not new) rumor in connection with the province president." The

alleged motive of the chancellor for his campaign against her: "That way one gets rid of annoying questions and journalists, can frighten functionaries and divert people's attention from what really is going on in this province."

For example, says Matysek, to divert attention from the story of the burglary in Kery's house in Kobersdorf. Otti [Ottolie] M., in a letter to Fred Sinowatz dated 18 June: "Your reproach at the party deputies' meeting that I had failed to defend the province president in his 'most fateful hour' in Guessing is quite significant. Allow me to say, Mr Federal Chancellor, that I simply could not manage to expose you before the deputies. You know as well as I that the burglary version surrounding the weapons affair in Kobersdorf was an assumption (journalists claim: an invention) by the party secretary and the province president." And: "I am not prepared to say out-and-out lies to 700 functionaries from the polium."

Fred Sinowatz ("I don't stoop to that level") is going to react to this whopping charge in well-tested fashion: as long as possible, he will maintain silence in public--and take action within the party. While stating that it was the business of the Burgenland comrades, he will doubtless not turn a deaf ear to Mrs Matysek's wish within the party: Otti will lose her last party post--and, incidentally, her membership.

Some time later the expulsion will be justified--not quite wrongly--with the argument which also represents the official party stand in the case of Nenning: "Guenther Nenning engaged in intentional conscious escalation and provocation" (to quote SPOe Deputy Rupert Gmoser).

Though embittered, Fred Sinowatz will take note of the fact that he is risking once again to gain the reputation of a man snapping at anyone, who appears to be a threat--a man who will maneuver out of the party anyone who deviates from him the line he has set or openly rebels against him. But his staff says that it bothers him to be accused of being intolerant. They say that the party is all that he is concerned about, and it has no room for vanity and petty jealousy.

Indeed Sinowatz had already announced during his inaugural speech as SPOe chairman a couple of years ago that he would push anything (or anyone) unpleasant out of the party. "There must not be any fighting any longer," he told the delegates in October 1983; "we all must make an effort to put an end to disputes and intrigues."

The party must remain an open one, he declared unmistakably at the time. However, "what must not happen is to abuse this openness at the expense of the interests of the party. What must not happen is for individuals to develop images at the expense of the party or at the expense of others in the party."

Sinowatz saw to it that this program was put into effect without qualification. "He is incredibly consistent," Karl Blecha too has realized by now.

Whoever did not toe the line, did not subordinate himself, had to go. Herbert Salcher was the first, then came Guenther Nenning, and finally Matysek--and last but not least Hannes Androsch, who was suspended from his party posts "until further notice."

No question, Fred Sinowatz has the party under firm control. When a couple of years ago, as the new party chief, he proclaimed that a "political attitude, but not political ambition" had to prevail at the SPOe headquarters at Loewelstrasse in Vienna, that the management's sole task was to "execute in the best possible way" what had been set forth by the executive board and the chairman, he was still misunderstood.

Most contemporaries interpreted his sharp remarks as a challenge against Karl Blecha and his helper Herbert Tieber--as a confrontation between rivals within the party.

It was that, but not only that. Sinowatz was interested above all in a new style in Loewelstrasse, in hard work under his control. He got himself Peter Schieder as central secretary and executor and changes the team.

Of the old Kreisky fighters with political ambition, now only three men who meet Sino's criteria remain in house--Central Secretary Fritz Marsch, Werner Obermayer (in charge of finances) and Franz Rosenberger (in charge of personnel). They are all staunch servants of their new master.

The others left or were made to leave.

Now there is a precise man in charge of organization, the Lower Austrian Karl Schloegl; a tested PR man, Robert Sterk; a quietly operating municipal-policy department head, Michael Haeupl; a trained diplomat, Peter Jankowitsch, as international secretary; and an editor of the AZ [ARBEITER-ZEITUNG] who tows the line in the person of Guenther Traxler. All experts. Without any ambition.

In the final analysis, the "new AZ" is also evidence of Sino's predilection for a well-oiled machine. Those who during the summer AZ crisis had still hoped to be able to turn the tired central organ into a politically ambitious leftist paper were bitterly disappointed.

Sino and his people prevailed with a small-scale format, a party gazette in tabloid style.

Nevertheless, Fred Sinowatz has accomplished something. He has given the SPOe new self-confidence. He restored the party machine to the priority position it had lost under Bruno Kreisky. As Carinthia's province president, Leopold Wagner, is pleased to say, under Kreisky "the republic governed with the press, whereas Sinowatz governs again with the bodies provided for the purpose."

Never in the recent history of the workers movement, Josef Cap, loyal party soldier, is fond of saying, have things been as democratic as under the sixth party chairman.\* Matters were being debated again. Sinowatz, says the Styrian Gmoser, more than ever tries to do some good.

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\*Sinowatz was preceded as party chairman by Victor Adler, Otto Bauer, Adolf Schaerf, Bruno Pittermann and Bruno Kreisky.

Formally speaking, this is correct. Under Bruno Kreisky, the presidium and executive board were executors pure and simple. Particularly during his last years of power. If any party bodies kicked up a fuss, he would ask for a vote of confidence--and would be given plenipotentiary powers.

Fred Sinowatz, on the other hand, makes the hierarchy feel that it has again a say in politics. He created the circle of seven\*, which oftentimes meets several times a week. The presidium, consisting of 14 members, no longer meets half an hour before an executive board meeting, as it used to in Kreisky's times, but always 24 hours before it. And it debates matters in detail.

In the end, however, whatever the chancellor wants is decided.

To this extent it is true what party circles keep saying: that Sinowatz is more similar to his predecessor Bruno Pittermann than to Bruno K. in the way he handles his power--but with a qualification. Pittermann, being "personally rather weak" (according to Innsbruck political analyst Anton Pelinka), had to lead the party collectively.

Sinowatz, by contrast, leads the party, though perhaps apprehensively, in an authoritarian manner and undisputed. He administers and disciplines as he learned it as Burgenland provincial secretary 20 years ago. "He certainly is a strong chairman," opines JG (SPOe Junge Generation youth organization) Chairman Manfred Matzka; "his strength is the machine." Because he would be nothing without the party.

The only thing Sinowatz and Pittermann have in common is their skepticism toward opening up the party, despite the fact that when he was still a Burgenland provincial politician Sinowatz vociferously supported Kreisky's call for an open party in the late 1960's.

Just as Pittermann tried to prevent an opening up of the SPOe toward the right in the early 1960's, so Sinowatz--verbal pronouncements to the contrary--shuts himself off from the new social movements.

He is marching toward the center of society, aiming at middle-range employees, small independent people. Something like socialism for little people. To win these over, says Pelinka, "he is willing to sacrifice the symbolic figures of the new social movements. This strategic concern has a hard empirical core."

In 2 years the party chief has not managed to win back the habitual SPOe voters whom Bruno Kreisky had alienated with his Mallorca package. On the contrary, the defection of nuclear strata has even increased in the meantime.

The IMAS Institute of Linz has made a comparison between current opinion poll data, of October of this year (which give the SPOe 47 percent, the OeVP [Austrian People's Party] 44.2 percent, and the FPOe [Austrian Liberal Party] 3.7 percent), and data 6 years back. Among the nuclear strata "a dramatic loss has occurred," says IMAS director Andreas Kirschhofer.

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\*In addition to Sinowatz, it comprises Karl Blecha, Heinz Fischer, Leopold Gratz, Sepp Wille, Peter Schieder and Fritz Marsch.

In these 6 years, the SPOe has lost 8.6 percent, among skilled workers as much as 9.7 percent. Among young voters, the Reds [SPOe] lost 10 percent, among women more than 5 percent. Only among leading employees did the SPOe register marginal increases.

To this extent, Sinowatz' way to the center does not look exactly promising. There the other established parties are also out to catch votes. There things are getting tight.

Nor will the "90 Perspectives" (about which Herbert Tieber gave a preliminary report at the party congress) help the party chief, who has such firm control over the SPOe but so far has only brought it defeats, to get out of his hole.

According to Pelinka, "he really is cultivating the Perspectives, in the very best Kreisky manner, only as a theoretical playground. He knows that he must cultivate the wing which in part he threatens to alienate, and in fact also has alienated."

As an excuse, Anton Pelinka points out that the SPOe chairman has never been especially fond of theory. "As far as I know," he says, "there has never been a party chairman who has said so little about theoretical questions as he has done. But that does not mean that he is a nonintellectual. He is a mixture of a Burgenland and an American politician. For both of these, theory has always been rather secondary."

Fred Sinowatz prefers to try it with the old socialist virtues, solidarity and discipline.

That appeals to the party man-in-the-street.

Whether it is in tune with the times is another question. Someone who should know is the chairman of the socialist freedom fighters, the old education functionary Josef Hindels. He says: "Solidarity and discipline are virtues of the old party. Otto Bauer already put great store by them." However, "in a fighting situation such a high degree of discipline and closing of ranks is definitely justified. Today this fighting situation does not exist any longer. Therefore this demand does not appear to be justified any longer."

It only creates a different impression. To quote the Social Democratic historical philosopher Norbert Leser, "the wind has become rougher. The ranks have closed somewhat."

In short, "the party has seen better days."

8790/12859  
CSO: 3620/126

POLITICAL

CYPRUS

DENKTAS COMMENTS ON GREEK SUPPORT FOR BULGARIA

TA051930 (Clandestine) Bayrak Radio in Turkish to Cyprus 1630 GMT 5 Dec 85

[Text] President Rauf Denktas has criticized the fact that the Greek Cypriot leadership is supporting Bulgarian oppression of ethnic Turks. Pointing out that, as a principle, the Greek Cypriot leadership has always befriended all the enemies of Turks and supported everyone's evil acts toward the Turks, Denktas noted that from 1963 to 1974 the Greek Cypriot side subjected the Muslim Turkish Cypriots to the same mistreatment that the Bulgarians are now inflicting on the innocent Turkish people. Recalling that the Greek Cypriot representative at the third committee of the United Nations spoke in support of the oppression of ethnic Turks in Bulgaria, Denktas noted that the Greek Cypriots have thus demonstrated that if they really dominate all of Cyprus, they consider it the government's (?duty) to do five times worse than Bulgaria.

Referring to election speeches in South Cyprus, Denktas said that these statements clearly expose the Greek Cypriots' desires and policies. The president said that Greek Cypriot Administration leader Kiprianou's statements reveal that the Greek Cypriots do not accept the Turkish Cypriots' right to a country or territory, do not view them as a separate people, reject equality, and regard bizonality and Turkey's guarantee as an obstacle to peace. Denktas declared that the Turkish Cypriots advocate that the Greek Cypriots have no rights to the whole of Cyprus and that the Turkish Republic of Northern Cyprus constitutes the legitimate administration of the Turkish Cypriot people until an agreement is reached between the two sides.

Denktas stated that the phenomenon described as occupation by the Greek Cypriot leaders is actually an honorable, legal, and legitimate act which saved Cyprus from Greek occupation, recalling that it has always been the Greek Cypriot side which attacked the Turkish Cypriots in violation and denial of international agreements signed to protect Cyprus from adventures and disasters. Denktas noted that the Turkish Cypriot does not object to Kiprianou's statement that he is in favor of a solution that will not entirely eliminate Cypriot Hellenism and said: We, too, want a solution that will not eradicate the Turkish heritage on Cyprus.

/6662  
CSO: 3554/26

POLITICAL

CYPRUS

DISCREETNESS ADVOCATED IN GREEK MILITARY AID

Nicosia O AGON in Greek 13 Nov 85 p 1

/From "The Observer" column: "Let Them Keep Their Mouths Shut"; passages enclosed in slantlines printed in boldface/

/Text/ From the very first moment when someone or someones made a public issue of the dispatch to Cyprus of Greek military forces and set into motion the "tug-of-war" of "they should come, they should not come," we had stressed that such critical and sensitive matters should not be made public or discussed in public.

/These matters are brought up and discussed only in closed sessions between leaders and these leaders are bound to keep their mouths completely shut and should not permit a leak of even the smallest item even to the close circle of their associates./

But here in Cyprus what is kept secret and what remains secret so that the matter being discussed will not be leaked out?

Partisan passion and the tendency to impress the people and to get its applause, regardless of the national damage that could ensue, have led us to the sad point where we publicly discuss, even in newspaper columns, matters that should be kept hidden in the room where they are being discussed.

/And the enemy exults over our frivolousness, makes note of our intentions and goals and quietly plans his counteractions to everything that we are planning./

The Turks have learned that our leaders have discussed the matter of the dispatch of Greek military forces. They even known if decisions have been made or have not been made. They know the positions of the leaders. They are certain over what we will do or not do. And they conveniently go about planning their countermeasures.

We have seen to it that they be briefed on everything!

/But here, of course, we have democracy. And it is our understanding that democracy means that everything is permitted! The people have a right to learn everthing. Everthing must be talked about!/

/We have reached a point where what must be said is kept "secret" and what is secret we daily offer up so that all might be informed. Both friends and enemies./

We believe that the leaders must change their mentality over this matter because it is usually from them, if not always, that the leaks originate, as well as the disclosure of important and sensitive matters.

/In short, we ask of the leaders, even in those cases where they may be possibly thought of as "disagreeable," even in that instance where they might be in a disadvantageous position and even in case where they might be provoked, to shut their mouths and not let their tongues say things that should not be said publicly./

In this connection, we mention the position taken by Mr G1. Kliridis in the interview he gave our newspaper yesterday:

/"I believe that the strengthening of our defense in the above-mentioned manner (note: the dispatch of Greek military forces) is a very delicate and critical political-military matter that can responsibly be discussed only behind closed doors between the political and military leaders of Cyprus and Greece and must be handled quietly."/

Indeed. This is the proper understanding of the matter.

/With the difference that it should not remain an understanding. It must in every case be really implemented..../

5671  
CSO: 3521/49

7 January 1986

POLITICAL

CYPRUS

## ALLEGATIONS OF DISY-AKEL COOPERATION REJECTED

## Cooperation Seen Impossible

Nicosia I SIMERINI in Greek 12 Nov 85 p 3

/From the "Pro and Con" column by Savvas Iakovidis: "They Do Not Coincide"; words enclosed in slantlines printed in all caps/

/Text/ In an interview with I SIMERINI the day before yesterday, Mr Matsis, first vice president of DISY /Democratic Rally/, stated that DISY's position is correct and altogether proper and that it is not promoting a popular front nor will it seek to lay claims on the majority of the people and to rise to power all alone. Recently and also in the past, Mr Kliridis, party president, in statements to and interviews with I SIMERINI, has repeated and confirmed what everybody knows, namely that any pre-electoral, electoral or post-electoral cooperation between DISY and AKEL is /inadmissible/ and /unacceptable./ Finally, in the last session of the House, Mr Kliridis repeated the above position.

Consequently, the /deliberate/ distortion of the above altogether clear positions for the purpose of enticing naive voters is a desperate propaganda endeavor on the part of DIKO /Democratic Party/ and the presidential publication. The repetition of the same lies from the presidential mouthpieces simply and only to entrap citizens, so they think, is /deceiving/ the citizens to say the least. In the meantime, in a recent speech, Mr Ziartidis, PEO /Pan-Cyprian Labor Federation/ secretary general, said the following:

"It is true that with regard to a few issues that have to do with our political problem, not small issues but important ones, the views of the party and our movement coincide with those of the Rally. This concurrence of views, while never capable of wiping out our ideological and class differences with this party of the Right, is a phenomenon that proves to be useful to the goals of our party insofar as the Cypriot problem and its solution is concerned."

The citizens, of course, are not interested in what comes out of the mouth of Mr Ziartidis or what conjectures or allegations he puts forth. What does interest them is what positions this party supports with regard to the Cyprus question and not if its views coincide with those of DISY. Let us, however, suppose that DISY-AKEL views on /how to handle/ the Cyprus question do coincide. What is of greater importance is not only the handling but mainly /the essence/ on our national problem.

And with regard to the essence there are /diametrically contrary/ views and positions. AKEL has not told us up to now how we are to succeed in genuinely getting a viable and /functioning/ solution. Nor has it told us how, practically, legally and systematically the survival of Cypriot Hellenism on this land will /be secured./ Therefore, how can and how does the PEO secretary general dare speak of AKEL-DIKO concurrence and agreement?

It was AKEL that was from time to time identified with Mr Kyprianou and, in accordance with the mood, on orders from Moscow and AKEL interests, it either extolled him or humiliated him with unbecoming descriptions and insults. Exactly as it does today. It was AKEL that was identified with Mr Kyprianou and fought together with him to bespatter and insult DISY and its leader. And now it talks about identity of views and concurrence. Mr Ziartidis' approach is /a joke/ to say the least. Mr Ziartidis also says the following. He maintains that "AKEL's biggest opponent will be DISY. It will not give us an inch and we will not give it an inch in the forthcoming electoral battle."

Yes. DISY will not be partial to AKEL. For two main reasons.

- First of all because there are many followers of this communist party who have realized the disastrous and continued errors of its aged leadership. For that reason they are deciding to vote for DISY en masse.
- Secondly because DISY is moving forward to the majority and to power not by steps but by leaps.

These are the things that keep the eyelids of the AKEL leaders from closing and going to sleep. And these are the things that are increasing their confusion.

#### DIKO Allegations Scored

Nicosia KHARAVGI in Greek 13 Nov 85 p 3

/From the "Wednesday to Wednesday" column by G. Kolokasidis: "Who Is Flirting With DISY?"/

/Excerpts/ References to previous statements by AKEL cadres or those in other party publications with regard to the Rally have been appearing very often in the columns of ELEVTHEROTYPIA and in announcements by DIKO's leadership. This unrestrained mania on the part of DIKO's leadership for delving in the past is, of course, done deceitfully. The government party is trying to show that AKEL said one thing in 1981 and 1983 and another thing now. So, according to DIKO leaders, AKEL is "inconsistent," "untrustworthy," etc.

Of course, among all of these extracted quotations that the DIKO leadership adds it did not find one that says that AKEL has changed its position and its estimates vis-a-vis the Rally. It did not find anything like that because it simply does not exist. Because AKEL has not changed its previous estimates with regard to the ideological, class and political credo of the Rally. DIKO's leadership, of course, knows this. However, it pretends that it does not, wanting instead to fish in the troubled waters of the fairy tale of so-called AKEL-DISY cooperation.

For AKEL it is crystal clear and it does not need DIKO to remind it what and who the Rally represents, whose interests it expresses and in what direction it is orienting itself. AKEL knows and remembers both the history and pre-history of the Rally.

Beyond this, beyond the ideological differences and despite a concurrence of views on de Cuellar's initiative, there are great differences between AKEL and the Rally as regards the Cyprus question also.

For example, DISY's position has been proclaimed with regard to an all-national --as it calls it-- conference and its readiness to accept any line that this conference should decide on. For AKEL, however, it is clear that a line and tactics for the solution of the Cyprus question does exist. This is the line and tactics decided on in 1977 under the Makarios presidency. And, in any case, it is also clear for AKEL that decisions that affect Cyprus and the Cypriot question are made by Cyprus itself and by the Cypriots themselves.

Another point of disagreement is the role of the West. It is not a secret that the Rally is pinning all its hopes on the West and that it is ready to accept a diversion of the Cyprus question from the United Nations, "a solution" within the context of "the Western world to which we belong" that naturally serves primarily and principally the interests of American-NATO imperialism in the region.

For AKEL, however, there is no such question of diverting the Cyprus question from the United Nations. AKEL categorically rejects any idea whatsoever with regard to a "solution" within the NATO context. AKEL insists on a solution within the United Nations, a solution that will serve the interests of the Cypriot people.

For all of these and other reasons, as has been emphatically and officially stated on many occasions, AKEL has not cooperated nor does it intend to cooperate with the Rally on a level of that of the AKEL-DIKO Democratic Cooperation. As has also been categorically stated many times in the past, AKEL is opposed to the rise of DISY to power.

All of this is very well known to DIKO's leadership even though it pretends not to know. So, let it put an end to the fairy tale of AKEL-DISY cooperation and the unrestrained reference to previous statements by AKEL because it does not help either one.

Since, however, we are talking about cooperation with the extreme Right and since DIKO's leadership considers such cooperation a mortal sin, we cannot but observe that the biggest sinner in this land is none other than DIKO's leadership. Because it is DIKO's leadership that denounces Democratic Cooperation so that it might become agreeable to DISY and might win it over.

It is DIKO's leadership that proposed to the Rally a joint sharing of power. It is DIKO's leadership that wasted a whole summer in contacts with Mr Kliridis in order "to hit it off." It is DIKO's leadership that is today flirting with the extreme Right of the Right. It is DIKO's leadership that is trying to seduce it and to attract it to DIKO by making extreme use of chauvinism, anti-communism and anti-AKELism, everthing that would tempt every extreme rightist. Anyone can figure out who is in alliance with or is trying to get into an alliance with the Rally. Anyone can come to his own conclusion on the quality of DIKO's leadership.

POLITICAL

FRANCE

BARRE DISCUSSES POST-ELECTION SITUATION, IMMIGRATION

Bordeaux SUD-OUEST in French 18 Nov 85 p 4

[Interview with former Prime Minister Raymond Barre by Jean-Francois Bege and Joel Aubert; date and place not specified]

[Text] Not only did former Prime Minister Barre not reconsider his previous refusal to serve as prime minister under President Francois Mitterrand in case of an opposition victory in the legislative elections in March 1986, but, in his view, those who consider such a possibility are opening up a major crisis. Speaking on immigration for the first time since the debate on this subject has again become front page news, he stated what his policy would be regarding this "considerable" social problem.

[Question] In a recent interview Jacques Chaban-Delmas, speaking of "cohabitation" [an opposition figure serving as prime minister under President Mitterrand in case the Socialist Party loses the 1986 legislative elections], indicated that he agreed with you on the dangers of such action because of the advantages it would give the president for the 1988 presidential elections. However, he also added: "Having said this, what about the situation that would be created if the elected representatives of the people would refuse to govern the country. You can imagine the crisis that would be created." In any case, we cannot imagine that you, Raymond Barre, would create such a crisis, in the interests of the country and of your own political future.

[Answer] In his statement to LE POINT, Chaban-Delmas emphasized the dangers involved in "cohabitation." He said: "This would be an unstable government which would have to take the long view of events but which could not obtain immediate results and which, along with the majority in the National Assembly supporting it, would be in a bad position for the 1988 presidential elections. As a result, the president might have the opportunity to regain his position." Isn't this the trap which I have continued to point out? Why should we let ourselves be caught in it, in any case?

When Chaban-Delmas said, and quite correctly, that a government and a National Assembly with no more than 2 years in office should avoid taking a short range view of events, do you think that they could possibly be indifferent to the decisive date of 1988? Cohabitation not only involves a risk of paralysis but, even more, by the very nature of things, could lead to extravagant electoral promises. Our country really doesn't need that!

"The crisis" would not be created by the opposition refusing to govern when it is elected to do so. It would result from agreeing to enter government when there is every reason for thinking that it would not be possible to govern effectively and in an atmosphere of continuity. Now, under such circumstances, all the conditions for a "super crisis" will be present!

However, my basic difference with those who would be prepared to accept the concept of cohabitation relates to my reading of the constitution. Whatever the "elasticity" which we would like to keep in the constitution, I don't think that this can go so far as to accept the view that, depending on the circumstances, we could have, at times, a president who is chief executive and, at times, a president who does nothing more than open flower shows! How could the president continue to be what General de Gaulle wanted him to be when he succeeded in having the people agree to the election of the president by universal suffrage? De Gaulle said: "In the highest position in the government there can only be one person."

After the return to the system of proportional representation and the destructive rule by political parties, cohabitation is the revenge of the Fourth Republic on the Fifth Republic! I don't want that for France.

Believe me, the position I have taken on this question has nothing to do with my political future! If I were merely being careful about my own future, I would have another attitude. The widespread offensive being carried on within the majority supporting the government and the opposition in favor of cohabitation, with the support of all tendencies in the media and powerful interest groups, is enough to show us the reciprocal arrangements which the groups involved have reached regarding this experiment. This leads to the conclusion that for me conforming with the idea of cohabitation would be the most prudent and most comfortable course of action. However, I don't think that I could hide my view of the situation. The expressions of confidence which the French people continue to give me place me under obligation to them. No doubt I will find myself standing alone or almost alone on this subject! It won't be the first time this has happened. In any case, I am no more afraid today than I was in the past!

#### We Can Count on President Poher

[Question] If the president refuses to resign after losing the legislative elections, what do you foresee?

[Answer] First of all, let's wait for the results of the legislative elections. Nothing is certain in advance. If the president retains the confidence of the majority of the French people, like his predecessors, he will not lose the legislative elections. If he no longer retains that confidence, he will find himself facing a new majority in the National Assembly. In case of a limited defeat, the president can simply wait and see. Moreover, he won't have much difficulty in finding cabinet ministers and a parliamentary majority which will support him.

However, if, despite the adoption of the proportional representation system, the defeat is on a large scale and is unmistakable, I don't see how the president could remain in office. Nevertheless, he has every reason for remaining silent about what he will do and saying that he will stay in office. That's the way to play the game!

It is up to those who ask for the votes of the French people to fight against the president and his policy to express their position clearly. That is, they should follow the example of Edouard Herriot, of Leon Blum, and of the Left in dealing with President Millerand in 1924. I mean their letting it be known in advance that under no circumstances would they support a government, whatever its composition, appointed by a president who no longer had the confidence of the French people. Don't come and tell us that the constitution does not permit the deputies and the National Assembly to censure the president! It is the people who, on the occasion of the legislative elections, will have expressed their disagreement with the president. In effect, how could the president dissociate himself from the governments and the majority which faithfully executed and supported the policies which he advocated! However, to achieve the same result in 1986 that we had in 1924, offers to serve under the president should not be made frequently by personalities of the majority in the National Assembly which may be elected.

Some people hold the view that the prime minister chosen by the new majority in the National Assembly should set up shop in the Hotel Matignon and carry on an open struggle with the president, forcing him to resign by proving that it is impossible to work with him! I can understand those who think that, under the constitution of the Fifth Republic, it is necessary to reach a compromise with the president. However, I don't think this is possible under present circumstances, because the president has behaved in openly partisan fashion, despite his most recent and more broad-minded statements. It seems to me that an "open struggle" with the president would place in question the dignity of the institutions of the republic in the eyes of the French people and of foreign countries. It is therefore better to have the crisis come up immediately, as was the case in 1924, rather than a longer term crisis, following a period during which the dynamics of the electoral victory would be dissipated. Moreover, there will be no crisis because, once again, we could count on President Poher [president of the Constitutional Court]!

The practical conclusion is that in March 1986 the opposition needs to obtain a "clear and massive" victory which will be such an unquestionable act of repudiation that the president will have no alternative to assuming the consequences personally! If he wants to continue in office as president, let him do so with his own resources! The National Assembly, under the Fifth Republic, does not form the cabinets. It controls their functioning and criticizes them. If this is not the case, it means a return to a government made up of political parties, a precedent which we should not create.

As far as I am concerned, if there is some form of cohabitation after March 1986, I will stay out of such an experiment, which can only bring confusion and uncertainty to France. I have no intention of obstructing the process, either personally or in cooperation with others. It will be for the French people to judge!

[Question] What will you do during the elections campaign?

[Answer] I will take part in the elections campaign, first of all in the Department of the Rhone, where I will be running against Charles Hernu and Fitermann. Then I will speak on the major problems facing the country, either on television or radio or at public meetings like the ones I usually attend.

I have no intention of appearing at meetings of political parties.

[Question] Whom will you support? Will your support really be selective? At meetings of the united opposition will you avoid referring to cohabitation and the future presidential elections?

[Answer] I will extend my support to the candidates who wish to have it. This support will not be automatic, and I will not engage in confusing things, which is very common in an elections period. I will be careful to ensure that my name is not used, in the absence of an explicit and written agreement on my part. I will not ask those who request my support to undertake any commitment of any kind. That is not my style! I will support, with the greatest determination, those candidates who have shown sympathy with me, tirelessly and with considerable courage.

During the campaign which I will conduct I will tell the French people that we must defend the institutions of the Fifth Republic against a return in force of the party system. We must be on guard against the promises made, so that we don't go through 1981 all over again. We must have confidence in our future. We will assure France of recovery and renewal through the efforts we will make in a spirit of freedom and solidarity.

#### Immigration: a Firm and Generous Policy

[Question] Le Pen will have an advantage since immigration is now a question at the heart of the political debate. Do you want to see a specific policy adopted in this connection?

[Answer] I deeply regret that the problem of immigration has been brought to the center of the political debate under the conditions which have been created.

We face a considerable social problem with which we will be living for a long time. Instead of a detailed and serious debate, which the seriousness of the subject deserves, here we are involved in an elections campaign theme which arouses confusion and passion and which makes possible the most questionable kind of political exploitation. I have heard it said that immigration will be the principal issue in the legislative elections campaign. I dread in advance the excesses which will certainly be involved.

I recall the halt in the immigration of new foreign workers in France which was approved on 3 July 1974 and the fact that the number of foreigners with legal status was stable between 1977 and 1981, according to the statistics of the Ministry of the Interior.

As prime minister I dealt with the immigration problem. I know all of its aspects and difficulties. The efforts made by the government of the time to deal with clandestine immigration and for the return of the persons involved to their countries of origin--and particularly the work of Minister of the Interior Bonnet and Stoleru--met with opposition and led to competitive electoral promises.

The decree of 16 November 1977, originally covering a period of 3 years and recognizing the right of "family visitation" for family members who would not seek employment, was cancelled by the Council of State as "contrary to the right of all persons to a normal family life."

The decisions made by the socialist government in 1981 only worsened the situation.

I am now quite determined not to give in to the electoral aspect of the debate. However, there are problems which the French people feel in a negative sense. Solutions must be found which reject racism, intolerance, and segregation, which are contrary to the traditions of France.

[Question] What will be the principal aspects of your immigration policy?

[Answer] I will express quite simply the principles which I have had occasion to present over the past several months before a wide variety of audiences. These principles are much more fully considered than some people at times would have you believe.

First of all, we must fight tirelessly against clandestine immigration and return to their countries of origin those foreigners who are illegally in our country. In this regard we must provide foreigners with residence identity cards which cannot be counterfeited, following the advice of the National Commission on Data Processing and Freedom. However, we must realize that our

borders are not hermetically sealed and that the control of the flow of clandestine immigrants will be difficult, even with a visa system. We must also realize that the policy of sending illegal immigrants back to their own country, which must be steadily carried out, cannot be on a massive scale.

Crimes committed by immigrants are considerable, but this is only one aspect of crime in general.

Foreign criminals must be automatically sent back, after partially or fully serving their sentences.

In the second place we must develop a program of helping foreigners return to their countries, particularly in the case of unemployed immigrants whose families have remained in their own country. The present arrangements, using public and private funds, are attractive. The return of immigrants to their countries must be arranged in agreement with the governments of the countries of such immigrants. No reasonable person up to now has proposed the enforced return of immigrants. However, no one should think that the return of the immigrants will be enough to reduce the problem of unemployment to a noticeable extent.

Finally, there is the case of immigrants who legally entered France, who came because, during prosperous times, they provided the manpower which our country needed. They have been living in France for many years. Their children were born and have grown up here. They have attended our schools. Many of them have become French citizens or will become citizens. We have nothing to gain by creating a category of dissatisfied residents who could become a foreign minority manipulated from abroad. Regarding these immigrants, and particularly the young ones, we need to apply a generous policy of integration: a housing policy aimed at avoiding excessive concentrations of one national group which arouse feelings of rejection by their neighbors and an educational policy for placing young immigrants at the proper level without penalizing the training of French youth. The cancellation of family allowances for the children of foreign nationality living in our country seems to me contrary both to our constitutional principles and to the dignity of our country. Regarding the conditions for the acquisition of French nationality, these could be revised to reduce the impact of the criterion of the place of birth, which is presently in dominant use. The British law approved on 30 October 1981 provides that the father or mother of an immigrant family must be a British citizen resident in the United Kingdom. However, any change in our immigration laws should clearly not be racist.

We should associate this overall policy on immigration with two other policies which are the best future answer for the social problem we now face: a policy of aid to the family and first of all encouraging French families to have a third child, which is likely to ensure the renewal of our population. There should be a policy of cooperation with the countries of North Africa to encourage their development and to provide an answer to the problems posed by their demographic pressures.

Those, in my view, are the elements of a long term policy which is both firm and generous. It should not be turned into an issue in the elections campaign.

[Question] At the same time that you said: "Priority must be given to the reduction of the budget deficit, through a decline in public expenditures," some people in the opposition have commented that it will be almost impossible to avoid a deficit and even a little more inflation. They apparently don't share your view of the need for austerity.

[Answer] I would rather not discuss what some people in the opposition are saying. Rather, I would like to stick to the facts.

The situation affecting our public finances has seriously deteriorated. The official budget deficit amounts to 150 billion francs and cannot continue to increase. The public debt has more than doubled since 1981, and the annual interest on it is in the order of 100 billion francs. We cannot continue to borrow more money each year.

Therefore, and first of all, we must at least stabilize the budget deficit in current francs at its present level and then begin to reduce it by lowering public expenditures. That won't be accomplished in a short period of time. It is easier to save money on paper than in reality. A budget reduction policy must be carried out over the long term.

I was responsible for the French budget from 1976 to 1981. Over a period of 5 years I brought the budget deficit down from 2.7 to 1.1 percent of Gross Domestic Product. In 1981 France was the Western country with the lowest budget deficit. I know the vigilance and the effort which such a policy requires.

The French people must understand that our financial room for maneuver is very limited and that it will be essential to rearrange our public expenditures to carry out certain essential actions. We will have to reorganize our tax structure to favor productive investments and to stimulate activity by private companies and savings. It is only when we have reduced the budget deficit that we will be able, like the Federal Republic of Germany, to achieve a long term tax reduction which we all support. It is only continued action with the National Assembly which will bring satisfactory and long lasting results. Only action of this kind will make it possible, as it did in the Federal Republic of Germany, to achieve once again a stronger rate of growth and a more satisfactory level of employment.

Every elections campaign is a favorite time for the demagogic of economic recovery and tax advantages. I hope that the French people won't get caught up in it again!

## **Michel Rocard: Look Out for a New Kind of Disappointment**

[Question] Basically, what one might call "Barrism" has already been a success, since everyone refers to it. Look at the Left, where Michel Rocard is expressing considerable regard for the policies which you support.

\* [Answer] I am flattered that people speak of "Barrism," but I really don't know what they mean by that term. I have always tried to look reality in the face and to look for action which could contribute to the stability and growth of our economy.

When I took charge as prime minister in August 1976, I inherited an economic, financial, and monetary situation which some people have forgotten about. France had not yet fully mastered the effects of the first petroleum shock. I was able to stabilize the franc, to reconstitute the reserves of the Banque de France, to reorganize our public finances, to put our social security system in order, to abolish price controls, to assist companies to resume making investments, to slow down increases in purchasing power while ensuring the maintenance of incomes for the French people and farmers in particular, and to avoid incurring additional external debt for our country. The number of persons looking for jobs certainly increased, but until 1981 the French economy continued to create job openings. Price developments supported the consequences of the massive increase in the price of petroleum and world inflation. However, our price increases were about average, compared to our industrialized trading partners. The weakness of the dollar, in terms of the franc, did not prevent our exports from steadily increasing. They continued to increase until the end of the summer of 1981.

This action required firmness and steadiness in the midst of demands, denunciations, and pressures from all sides. However, conducting government policy in a period of difficulty is not a matter of pleasing everyone. Of course, not everything was perfect, and I was the first one to recognize this. However, I was convinced that we should not change policy, as various people wished to do.

In 1981 I warned the French people against the promises which were being made to them and against the policies being proposed to them which were full of danger. They can see today where we are. And Michel Rocard, who, you say, has considerable regard for my views, between 1981 and 1983 supported the policies which have led us to record budgetary deficits.

Today, as yesterday, I again warn the French people. They will say once again that I wish to deprive them of hope. I only want to avoid a new disappointment for them. Once is enough!

## **The Enthusiasm of the Inexperienced**

[Question] Do you believe that the new consensus regarding private enterprise is the first sign of an evolution of political forces in France around two

concepts: one of them we might call more conservative and the other, more progressive?

[Answer] An evolution is under way in people's minds, under the pressure of events, thanks to the lessons of experience. We should be pleased about that.

However, I am not sure that the old myths and the traditional reflexes have really been completely abandoned.

I am skeptical about the "liberal dialogue" when I recall that those who engage in it sharply criticized my view of liberalism prior to 1981 as being inappropriate and regard me today as a conservative attached to the concept of a managed economy. I fear nothing more than the enthusiasm of the inexperienced. In another connection I ask myself if the Socialist Party and the groups which are associated with it take anything other than a tactical view of the situation. The Congress of Toulouse and the very recent National Convention of the Socialist Party brought back in force--and Michel Rocard contributed to this--ideas and proposals which mark the return of the old views of the party!

In France everyone wants to be considered progressive, and no one wants to be called a conservative. And we rapidly see what deep resistance any effort to change things encounters. Our revolutions end up with reforms which leak away into the previous structure.

Let's not exaggerate the process of "bringing things up to date!" Let us allow the harsh realities of today and the passage of time to do their work patiently, and let us support intelligently the changes which are required.

[Question] People talk a great deal about deregulation and even a little erroneously or at cross purposes. You have said you favor the abolition of the requirement to obtain prior permission for dismissing workers. However, the trade unions do not agree with this, and in particular Andre Bergeron, a man whom you know well. So will it be necessary to ignore him?

[Answer] I have always had high regard for Andre Bergeron, without necessarily sharing his views. I have the feeling that once again, in this connection, we are involved in a quarrel about nothing. The abolition of the requirement to obtain prior permission for dismissing workers is considered by the trade unions as an open door to all kinds of abuses and by professional organizations as a panacea for the problems of overemployment in companies. I think that you have to display good sense and modesty on both sides. The abolition of the requirement to obtain prior permission for dismissing workers does not in any way mean the abolition of guarantees in connection with letting workers go. The procedures in the law or contained in agreements negotiated with the trade unions continue in force and must be respected. Action by conciliation commissions can be taken at any time, if it appears that the reductions in the number of employees have gone too far.

The abolition of this administrative provision essentially has the purpose of preventing these procedures from dragging on endlessly. Moreover, the time provided for by law is often extended under occupational agreements, in an area where speed is often the condition for the survival of the company. The abolition of this provision would also make it possible to eliminate a psychological obstacle to hiring new workers in small and medium sized companies. They will know how to display their sense of responsibility, I am sure.

Of course, this action should take place within an overall policy of flexibility carried out over the long term. During a period of cohabitation, we may see the psychological and political exploitation which can be made of it by the advocates of rigid social protectionism against a government held in a vise, as it were, between the future opposition and the chief of state.

Certain reforms cannot be accomplished unless the institutions involved act in a mutually supporting and coherent fashion. If not, they risk being compromised for a long time.

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POLITICAL

GREECE

BRIEFS

CHANGES IN DEPUTY POSITIONS--The decisions of the High Special Court regarding the loss of position of 5 ND deputies and 5 PASOK deputies have just been published. In the ND, the elections of the following deputies was annulled: A. Stavrou (rest of Attiki), Th. Vyzas (Kozani), Th. Khoutas (Aitolakarnania), G. Salangoudis (Second district, Salonica), and P. Sivenas (Pella). The following PASOK deputies will replace them: M. Vathis, Merkourios Kyratsous, A. Dimitrakopoulos, I. Glavinas and S. Kekhagioglou. The election of the following PASOK deputies is annulled: A. Khatzipetros (First district, Salonica), E. Anthopoulos (Serrai), A. Golfinopoulos (Akhaia), G. Doxopoulos (Magnisia) and D. Diamandidis (Second district, Piraeus). They are being replaced by the following ND deputies: D. Stamatis, I. Panagiotidis, A. Zaimis, A. Filippidis and D. Parlas. [Excerpt] [Athens I KATHIMERINI in Greek 3 Dec 85 p 1] /7358

CSO: 3521/54

POLITICAL

ICELAND

PEOPLE'S ALLIANCE CONGRESS ENDS WITH PARTY AT 'IMPASSÉ'

Gestsson Reelected Party Editor

Reykjavik MORGUNBLADID in Icelandic 6 Nov 85 p 37

[Article: "Savar Gestsson Elected Chairman of the Editorial Board of THJODVILJINN at a Meeting Yesterday"]

[Text] Savar Gestsson, chairman of the People's Alliance Party, was yesterday reelected chairman of the THJODVILJINN Editorial Board at a meeting of the Board. He received 7 votes and Kristin Olafsdottir 4. Olafsdottir received more votes when the Editorial Board was elected at an extraordinary general meeting of the publishing company on 10 October. It had been expected since the election that Savar Gestsson would call an organizational meeting of the Editorial Board. MORGUNBLADID sources indicate that Gestsson decided to allow the meeting to take place yesterday, two days before the People's Alliance convention, to strengthen his position before the convention.

Gestsson ruled in the meeting yesterday, after some discussion, that alternates on the Editorial Board would not have the right to vote in electing the board chairman. There were four at the meeting. Hitherto, for some years, the practice has been on the Editorial Board for alternates to take full part in its proceedings. Skuli Thoroddsen stated in the meeting yesterday that he doubted the legality of Arnmundur Backmann, who came to the meeting as a representative of Midgardur, the company that owns THJODVILJINN headquarters, having the right to vote on the board chairmanship since the chairman had ruled that alternates did not have the right to vote. This view was seconded by Olafur Ragnar Grimsson. It was clear that at least three of the alternates would support Kristin Olafsdottir for the chairmanship if they could vote. Thus Olafsdottir would have received 7 votes and Gestsson 7 votes, but it was unclear whom Gudni Johannsson, the fourth alternate, would support. He had stated before the meeting, however, that he would support Olafsdottir if she stood for election. All indications were thus that Kristin Olafsdottir would have received 8 votes at the meeting yesterday, and Savar Gestsson 7, if alternates could have voted.

A definite group with the People's Alliance has striven in recent weeks to have Savar Gestsson give up the post of chairman of the THJODVILJINN Editorial Board and hand over the position of influence to Kristin

Olafsdottir, but without success. Hilmar Ingolfsson and Asmundur Asmundsson, both alternates on the Editorial Board, met with Gestsson and requested that he propose at yesterday's meeting that Olafsdottir be chosen chairman. Gestsson refused to do this and said that that would be interpreted to me an that he had given in to the dissatisfied groups within the People's Alliance. He could not afford to do this in view of the fact that most likely an eventful party convention is in prospect. He must appear there as strong as possible.

Much of yesterday's meeting was spent discussion the position of the alternates and whether or not they should have voting rights in electing a chairman. After the chairman ruled that alternates should not have the vote, one of them, Hilmar Ingolfsson, walked out of the meeting. Eleven took part in the voting--the nine regular members of the board and the representatives of the THJODVILJINN printing plant and of Midgardur, that is, Ulfar Thormodsson and Arnmundur Backmann. Those supporting Gestsson were: Adda Bara Sigfusdottir, Arnmundur Backmann, Kjartan Olafsson, Helgi Gundmundsson, Ulfar Thormodsson and Savar Gestsson. Those supporting Kristin Olafsdottir were: Skuli Thoroddsen, Olafur Ragnar Grimsson, Valthor Hlodversson and Kristin Olafsdottir. Before the vote took place, alternates Hilmar Ingolfsson, Mordur Arnason and Asmundur Asmundsson stated that they supported Olafsdottir.

MORGUNBLADID talked with various THJODVILJINN Editorial Board members and alternates yesterday to find out their views on what had taken place in the meeting. Savar Gestsson, chairman of the Editorial Board, would not discuss the matter with MORGUNBLADID reporters.

#### **Seeking Election as Advocate of Democracy, Increased Independence of Paper**

Kristin Olafsdottir said, concerning her reason for seeking election as chairman of the THJODVILJINN Editorial Board: "The reason is very simply that I think that the general debate within the People's Alliance, which THJODVILJINN is clearly not part of, but closely connected with, has been very much concerned with emphasis on power sharing, increased democracy and increased popular participation. In addition, there has been a substantial amount of debate regarding the independence of THJODVILJINN vis-a-vis the party, especially at the THJODVILJINN extraordinary meeting. This can be interpreted to mean that there is a definite group of people which desires that THJODVILJINN be a support for leftists in Iceland and that it should be read more widely than within the People's Alliance Party. I decided, in view of this debate on increased democracy and the independence of the paper, to seek election, as a spokesman for these views. Also influencing my decision is the fact that there is often complaint that women are not prepared to take up positions of responsibility, that they lack confidence in themselves when they must do so. I would like to refute this and emphasize that which we consider most pressing in our movement--i.e. equality of the sexes. These were the reasons that I became a candidate for the chairmanship of the Editorial Board, and not because I thought that Savar Gestsson could not do the job. I think that these reasons have also been the reasons why those who voted for me did so. But this is not to say that those who voted for Savar Gestsson instead of myself were in disagreement with my aims, although it is clear that those voting for Savar Gestsson view things differently politically than I and many

others. Those voting for Gestsson saw the need to make the strength of the People's Alliance chairman clear to all. The election of the party chairman to the chairmanship of the THJODVILJINN Editorial Board is part of their struggle. I do not, on the other hand, feel that if Svavar Gestsson had not been elected chairman of the Editorial Board it would have meant that he is a weak party chairman. I think that in question here is, first and foremost, a matter of varying attitudes of people within the People's Alliance Party on how one ought to proceed in politics."

Kjartan Olafsson supported Svavar Gestsson yesterday in the elections for the chairmanship of THJODVILJINN Editorial Board. Olafsson said the following in an interview with MORGUNBLADID reporters: "I have no interest in making excuses for myself on this matter in MORGUNBLADID. I have complete trust in Gestsson as chairman of the Editorial Board and assert that I supported him as chairman of the board on this occasion and that I have supported him in the past. Nothing has changed for me in this connection. I can say that I consider Kristin Olafsdottir an extremely effective worker as a person and have much confidence in her. Svavar Gestsson, however, has been chairman of the Editorial Board for some time and I saw no reason to make a change now."

#### Chairman Will Not Go to Convention Extending a Hand of Reconciliation

Editorial board deputy chairman Hilmar Ingolfsson said in a newspaper interview: "It is clear that the chairman is not going to the convention extending a hand of reconciliation. I deny in no way his power to rule that alternates have no vote in chairmanship elections, but what should have been discussed at the meeting, as I see it, was the custom that regular and alternate members have always been invited to meetings, no matter what the organization. It is made utterly clear in company regulations that the editorial board consists of 9 members and that alternates should sit on it if there are less than 9. There is thus no disagreement on the right of the chairman to make the ruling that he did. Nonetheless, it was the custom prior to today's meeting that alternates have the same powers as regular members and that they could vote. It is not to my liking that I can vote when I agree with the chairman but otherwise not. The point of view of those of us who supported Kristin Olafsdottir in the elections for editorial board chairman was simply that we consider the chairmanship of the party and the position of first Reykjavik MP to be a full time job for Svavar Gestsson. I am in favor of power sharing and think that the People's Alliance should be a power sharing party. I am an opponent of the concentration of power in a single person. It is simply democracy that I would struggle for. THJODVILJINN should certainly represent a leftist point of view, but it is one thing whether or not the paper is or is not and completely another as to whether or not the chairman of the People's Alliance Party must be the chairman of the paper's editorial board for it to represent a leftist point of view. The way that things are being done now simply does not accord with the times.

We who supported Olafsdottir consider her one of the most competent women in the People's Alliance Party. She is one of the most capable women in the party and enjoys trust and support far outside party ranks. I consider her to be deputy chairman material for the party, but the situation is now such within the People's Alliance that no such thing will be possible since people prefer

to be self-elected, otherwise it is construed as backbiting and slander. To have a viewpoint in the People's Alliance that is opposed to that of the party leadership means that one is engaged in backbiting and slander and is undermining the position of the leadership.

Svavar Gestsson has thus, in my view, forced himself into the chairman's position on the Editorial Board and has driven away the most competent woman in the party. By giving up his position of Editorial Board chairman Gestsson would have secured the means of uniting behind him opposition forces within the People's Alliance before the party convention, but he failed to utilize the opportunity.

#### Decision According to all Editorial Board Customs, Conventions

THJODVILJINN reporter Mordur Arnason is an Editorial Board alternate. He was asked his views about Svavar Gestsson's ruling that alternates could not vote in the chairmanship elections. "This ruling was completely in accord with editorial board customs and conventions," said Arnason and said that he had nothing else to say on the matter.

Arnason also said: "It was not due to personal opposition to Svavar Gestsson that I wanted Kristin Olafsdottir as Editorial Board chairman. Rather I have always been of the view that it is never good to try to hold too many posts at once.

#### We Think it Benefits Gestsson to Guarantee Increased Power Sharing

People's Alliance Party Secretary Helgi Gudmundsson said: "We think that it benefits the person we have chosen and elected, Svavar Gestsson, to guarantee increased power sharing and to see to it that broader-based forces are formed in the People's Alliance Party. We feel that the distrust that this affair would seem to indicate is completely unreal and baseless. It is no secret that I certainly voted for Svavar Gestsson but I do not think that the fact that we elected Gestsson should be interpreted to mean that we are against power sharing or, likewise, against guaranteeing it. But I think that it benefits Svavar Gestsson to work in the spirit of power sharing and in the spirit of broadening the forces within the People's Alliance.

#### Opposing the Inference that Editorial Board Alternatives Cannot Vote

Olafur Ragnar Grimsson was one of those supporting Kristin Olafsdottir in the editorial board chairmanship elections. He said in an interview with MORGUNBLADID yesterday: "There have been set forth within the party in past months broad demands for increased democracy and greater power sharing. It is very important, if we are to be successful in strengthening the position of the People's Alliance in Iceland, that the party leadership show by its actions that it supports such new methods of operating. I think it first of all proper that Kristin Olafsdottir, who has served in many positions of trust within the party with great merit and who has likewise worked with THJODVILJINN circulation with brilliant success in recent years, should stand for election to the chairmanship of the Editorial Board. All of the members of the board should have been happy to seize the opportunity. There is no

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political necessity that the very busy party chairman should also be chairman of the THJODVILJINN Editorial Board. The election of Olafsdottir would likewise have been a great success in the battle for equal rights of men and women in the party. One member of the board, Skuli Thoroddsen, likewise noted that THJODVILJINN will soon celebrate its 100th anniversary. Thoroddsen indicated that it would be a worthy memorial to his grandfather, Skula Thoroddsen, the founder of THJODVILJINN a century ago and one of the first proponents of increased rights for women in Icelandic political life, that a woman would become the highly respected chairman of the THJODVILJINN editorial board. I was also opposed to the inference that board alternatives have no right to take part in board chairmanship elections, since the custom of having them participate had been in existence for many years and all alternates are always invited to meetings and take full part in the business of the Editorial Board. It would have been much more the socialist way of working to have allowed them to take part in the election of a board chairman."

#### Chairman Gestsson Addresses Congress

Reykjavik MORGUNBLADID in Icelandic 8 Nov 85 p 5

[Article: "People's Alliance Party Convention Began Yesterday"]

[Text] The People's Alliance Party national convention was seated yesterday in the Austurbaejarbio Theater with good attendance. Three proposals to the convention were presented by the People's Alliance Young People's Movement and music was performed. After the convention had been seated, Svarav Gestsson, chairman of the People's Alliance Party, presented a proposal.

Gestsson said, among other things, in his proposal: "It is evident that the labor movement must now agree on the seeking of new goals: the demand for purchasing power guarantees is prominent in all labor union newspapers. The labor movement should not and may not let itself be beaten down."

Later in his proposal the chairman said: "The goals of the national party convention are thus the following:

--to underscore the solidarity of the People's Alliance with regard to the major points of party policy;

--to provide a clear and incisive answer to the questions of the day;

--to dispel the illusions of the speculation motive--since it is not economic freedom in as much as it involves the bondage of the multitude and the freedom of a small elite group;

--to show what kind of a future the people of Iceland want--a future of optimism and willingness to come to grips with the new century."

There was a break for dinner at 19:00 in the evening. Afterwards the convention was resumed at Borgartun 7 at 20:30. The evening session began with the speech of People's Alliance Party Chairman Svarav Gestsson.

Overview of Congress

Reykjavik MORGUNBLADID in Icelandic 12 Nov 85 pp 26-27

[Article: "Old Leadership Holds a Majority on Party Executive Committee"]

[Text] The most eventful convention in People's Alliance history ended Sunday evening and those forces in the party which have in the past fought for fundamental changes within it have by and large come out on top. Those most knowledgeable think that, in a political sense, the results of the convention have been a great watershed for the People's Alliance Party. The convention has resulted, among other things, in representatives of those calling themselves the "democratic generation in the People's Alliance Party" occupying very powerful positions in the party. They include Kristin Olafsdottir, elected deputy party chairman, and Olafur Ragnar Grimsson, elected chairman of the party Executive Committee late Sunday, when the Executive Committee assembled for its first meeting following the party convention. On account of changes in party regulations approved at the convention, Olafsdottir will also likewise be chairman of the party Central Committee, which means naturally increased power for her. But it has been pointed out that the party Central Committee has less weight than before in terms of power since the changes in party regulations have subjected the Executive Committee membership to direct election by the convention, and not by the Central Committee. Thus the power of the Executive Committee has grown at the expense of the Central Committee.

Last Spring's Hints

Last spring there were hints that there would be conflict at the convention when Olafur Ragnar Grimsson began his public discussion of "the crisis in the People's Alliance Party." Indications became still clearer when the report of the so-called "Mothers Committee" was published last autumn and in the wake of that report the report of the Mode of Operations Committee, which called for greatly altered party methods. Still another indication of what was to happen emerged in the last week when there was the dispute about the chairmanship of the Editorial Board of THJODVILJINN. Speakers argued hotly about party leadership and party actions, especially during the first days of the convention, and attacks became still more biting during times when the struggle was about personality and not issues. To be sure, those who supported Kristin Olafsdottir will say that moving her into the deputy chairman's position was a matter of issue and not of personality. She is a spokesman for democracy and for power sharing, so that her candidacy was for political reason and not because she is a woman. In practice, the disputes were so bitter when the litigant parties took up the deputy chairman issue early Saturday morning that during that time it might have been said that the People's Alliance Party had broken up.

The labor arm of the People's Alliance Party was very much in evidence in convention intrigues behind closed doors. The prospect lay before it of controlling the People's Alliance Party Executive Committee. Also in contention was the adding of a THJODVILJINN editor, so that there would be three, as before. These two issues were so weighty in the eyes of the labor

arm that Asmundur Stefansson, president of the Icelandic National Trade Union Council, was moved to take the lead in an agreement scheme with Olafur Ragnar Grimsson. The intrigues behind closed doors were in connection with efforts to take supporters away from Olafsdottir in her candidacy for deputy chairman and Olafsdottir and her supporters made it clear to the party leadership that they would not be halted. There were meetings again and again with Olafur Ragnar Grimsson and Kristin A. Olafsdottir in which they were threatened with counter-candidates. First the clique of "party owners" wanted to advance Sigridur Stefansdottir as deputy chairman, but it swiftly emerged that she could not accept for personal reasons--mother of three children, residence in Akureyri. The party leadership was very dissatisfied with Stefansdottir's decision since it felt that she had the clear support of the labor arm as well as that of a large percentage of the farm delegates. There was then careful investigation as to whether or not Alfheidur Ingadottir, the daughter of Ingi R. Helgasson, had sufficient support to be played off against Olafsdottir. Those who investigated the qualifications of Alfheidar said that she had possibilities, but those delegates whom MORGUNBLADID reporters spoke with on Friday and Saturday said that her possibilities were minimal. As events turned out, she was not offered as a candidate since the deputy chairman's position became part of a total agreement concerning a division of the Executive Committee and increased influence of the labor arm on it. There was then effort to persuade Vilborg Hardardottir to change her mind and run for reelection, but Hardardottir refused. At a "Woman's Revolution Meeting" at noon on Saturday, those women who have been closest to Svarav Gestsson in party actions, namely Adda Bara Sigfusdottir, Gudrun Hallgrimsdottir and Gudrun Agustsdottir, attempted to support the proposition that women should stand united in their support of a single candidate. Other women at the meeting, on the other hand, threw it up before Sigfusdottir and the others that they were in fact there on the business of the old clique of party controllers and were not thinking about female solidarity. Those supporting Kristin Olafsdottir noted that she clearly was a candidate representing certain political points of view but that she was nonetheless a woman whom other woman in the party should agree on supporting. The meeting, however, broke up in attack and quarreling as Bjarnfridur Leosdottir expressed her anger over the Icelandic National Trade Union Council women who happened to be present. The meeting ended as many women walked out.

#### Intrigue Behind Closed Doors Shocks Convention Delegates

It was clear that the mass of delegates was shocked by what the old leadership clique was doing behind closed doors. One convention delegate worded it as follows on Sunday: "The party leadership has provided three whole days of instruction to convention delegates in its clique activities. This has upset delegates greatly." He said with certainty that a great number of individuals at the meeting, persons who had been somewhat naive and who had felt that solidarity ought to prevail among delegates, had turned to supporting the "democracy generation" against the clique of "party owners." Another delegate noted that those calling themselves the representatives of the "democracy generation" guaranteed the election of their candidate by agreeing that the election should not take place in the Executive Committee. That action was, stated as mercifully as possible, a wonderful beginning for the coronation of "the forces of democracy." Noteworthy, however, in interviews with convention

delegates on Friday and Saturday was the emergence of much distrust on the part of the delegates that much will change in party actions and in the area of party leadership, although the leadership had a somewhat new appearance at the end of the convention. One delegate interviewed by MORGUNBLADID said: "It's good bye. The party will not survive this. The leadership thinks only of self-protection and desires no change. It is characteristic of an isolated leadership, of the old clique of "party owners" that it has very little to do with convention delegates but attends endless conspiracy and clique meetings behind closed doors." Another said: "That which I fear the most of what might be done at the convention is that exactly nothing will be done. This is what the party leadership wants and that is what the conservatives also want. This is because unchanged circumstances will result in a continuing loss of membership for the People's Alliance Party." Still another delegate interviewed said: "What needs to be done at this convention, but will not get done for sure, is to change the entire upper structure of the party."

#### "Forces of Democracy Have Seized Power"

On Sunday evening the feeling among the delegates was somewhat better, since some said: "Real, fundamental changes have taken place. The 'forces of democracy' have seized power, and the 'owners of the party' will now have to work with them." It was heard that the delegates were generally quite happy with the outcome of the convention and, judging from what people said, delegates felt that in fact a whole new energy had come into the People's Alliance Party during the convention. There was also discussion of the fact that the labor arm of the party had greatly strengthened its position at the meeting, since it now has such a weighty position on the party Executive Committee.

#### Political De-Worming

Ossur Skarphedinsson, THJODVILJINN editor, belongs without question to that group of People's Alliance Party members that has been in the opposition in the past. Skarphedinsson continued his opposition at the convention with great zeal, with very good response from many convention delegates and with the limited enthusiasm of others. Ossur Skarphedinsson, for example, called the People's Alliance Party on Saturday an object of political de-worming, and this description so irritated some that Skarphedinsson had literally to take to his heels at the convention party on Saturday. Ingí R. Helgason was so angry with the description that he put on his coat, walked out of the convention and never came back. Skarphedinsson made little of the anger of his fellow party members and said only that he had meant by his phrase that a great deal of tension had reigned in the party but that now people were clearing away the trouble and tension that had hitherto existed. The process might well be called a political de-worming.

It was not until late on Saturday that it became apparent that the Nominating Committee would nominate Kristin A. Olafsdottir as deputy chairman and that Alfheidur Ingadottir, who was looked upon as the candidate of the "party owners" and a particular spokesman for women, would not run. The party leadership then began to threaten Olafsdottir's supporters. It was said that if the nomination was not withdrawn they would be putting the People's

Alliance Party into great danger and that there might be a party split. They likewise threatened to run Asmundur Stefansson against Olafur Ragnar Grimsson for chairman of the party Executive Committee. When agreement was finally reached, the compromise was that Svarar Gestsson would continue to be party chairman--there was never, to be sure, any disagreement about that--Kristin Olafsdottir deputy chairman, Palmar Halldorsson secretary, and Margret Frimannsdottir treasurer.

There is an amusing minor saga behind the nomination of Palmar Halldorsson, who is one of the very young people of the party youth movement. He is the executive director of Trades Association and thus has connections with the labor movement. In addition, he is the nephew of city councilman Sigurjon Petursson, who belongs to the "party owners" clique. For this reason the "party owners," the labor arm and young people in the People's Alliance Party all looked to Halldorsson as their representative in the highest administration of the party. Nonetheless, the fact is that his nomination was due to decisions of the party's labor arm.

#### Clique of "Party Owners" Tried to Prove that Olafsdottir Had Little Support

When Rannveig Traustadottir reported to the convention on nominations by the Nominating Committee for the party administration and Executive Committee, she emphasized the fact that nominations had been very hard work for the committee and she strongly urged that the nominations be approved. Some delegates thought this to be expected of Traustadottir since she had been considered to belong to the "democracy generation." It was also felt that Traustadottir's appeal to the convention reflected the struggle that had taken place in the Nominating Committee.

The election of the chairman itself was historic. Whereas Svarar Gestsson had formerly been reelected by acclamation, as was the custom hitherto, when there was only one man in the race, convention chairman Helgi Gudmundsson now proposed that the convention no longer conduct votes by acclamation since there was a proposal before the convention for a written ballot for the chairmanship. The convention agreed to this but later a murmur of dissatisfaction swept through the hall. There was no doubt that the proposal for a written ballot was presented with the knowledge of Svarar Gestsson. The purpose of the proposal was to demonstrate the undeniable strength of the party chairman and the purpose of the proposal for a written ballot for the deputy chairmanship, a proposal passed after the election of the chairman, was likewise to show how little support Olafsdottir enjoyed. Adda Bara Sigfusdottir and Gisli B. Bjornsson were those behind the proposals on written ballots. Both are very close collaborators of Svarar Gestsson and are also considered loyal party hacks.

The results of the elections were that Gestsson received 243 votes out of 276 cast (88 percent) and Olafsdottir 181 out of 265 votes cast (68 percent). Sigfusdottir and Bjornsson had made their proposal with the hope that Olafsdottir would receive around 50 percent of the vote and hoped thereby to show that a deputy chairman with so little support would be working besides a chairman with 90-percent support. Their hopes were dashed when Olafsdottir's supporters triumphed and claimed that she had good support. They said,

however, that the victory of the chairman overshadowed theirs. He never in any way expressed his desire for cooperation nor extended a hand of reconciliation. Olafsdottir's supporters said that it was an unworthy action of the chairman not to congratulate Olafsdottir on her victory and welcome her to the office of deputy chairman. They pointed out that the one time before that there had been a written ballot for the election of the party chairman, when Olafur Ragnar Grimsson was elected, he received around 70 percent of the vote. They also noted that it was worthwhile in itself that the "party owners" had allowed a written poll of its support and that it had turned out that there were only 80 of them, that is, those who turned in a blank ballot in the deputy chairman's race. Others pointed out, however, that many of those belonging to the "party owner" force are loyal party men willing to compromise and thus many of them voted for Olafsdottir even though much opposed to her.

Kjartan Olafsson, retiring editor of THJODVILJINN, has always been a faithful supporter of Svavar Gestsson. He served on the Nominating Committee and is considered the author of the compromises that emerged from the committee on the party Executive Committee and regarding Kristin Olafsdottir's election to the deputy chairmanship. Baldur Oskarsson, former People's Alliance Party executive, and Throstur Olafsson supported Kjartan Olafsson's proposals, which must have been very repugnant to Svavar Gestsson, especially that part of the understanding that was known in the corridors of Borgartun 6 as the "Gentlemen's Agreement." The agreement arose out of allowing the labor arm to strengthen its position on the party Executive Committee while Olafur Ragnar Grimsson was still to be chairman of the committee. The result was that Grimsson was chosen chairman, but that took place, on the other hand, only at a meeting of the Executive Committee after the conclusion of the convention.

Kjartan Olafsson, Baldur Oskarsson and Throstur Olafsson moved among the delegates early Saturday morning and attempted to mediate. The results of the mediation were that the "supporters of democracy" agreed to the labor movement strengthening its position on the party Executive Committee, while Olafur Ragnar Grimsson was to become chairman of the committee and Kristin Olafsdottir deputy chairman of the party. The supporters of Olafsdottir and Grimsson consider this a great victory for themselves and their point of view, but the labor arm and the old party leadership interpret the results of the compromise as benefiting them and consider themselves to have an uncontested majority on the party Executive Committee and thus in practice power in their hands. The party Executive Committee is now so structured that all the major factions in the People's Alliance Party have their representatives on it. The nominations of the Nominating Committee for the membership of the party Executive Committee were as follows: Alfheidur Ingadottir (considered to belong to the "party owners" group), Asmundur Stefansson (representing the labor arm), Gudrun Agustsdottir (considered to belong to the "party owners" group), Hansina Stefansdottir (representative of the labor arm), Johannes Gunnarsson (chairman of the Consumers Union, neutral), Olafur Ragnar Grimsson (spokesman for the "democratic" group), Sigrun Clausen (representative of the labor arm), Sigurjon Petursson (considered to belong to the "party owners" group), and Ossur Skarphedinsson (spokesman for the "democratic" group). All were elected.

"What is at stake here is the old politics, wherein matters are resolved through some kind of clique intrigues that take place somewhere in the city after the close of a convention, and what may, on the other hand, be called the new politics, based upon public discussion of issues. If there is a difference it is that everything is open in the new politics. The new politics finds expression in elections on personalities and issues whereby the elections are honest." That is one convention delegate's statement in a nutshell of what he considers the difference to be between the two positions. It need scarcely be mentioned that he belongs to the "democratic arm." He stated in no uncertain terms that the point of view of the "democratically inclined" had won a great victory at the convention since a very large number of delegates had come to the convention with the intention of supporting the chairman, since he needed that support. The development of events at the convention, on the other hand, have been such that delegates have sensed the difference between the new policy and the old and have switched over. They have done this without repudiating the party chairman, since he was reelected by a substantial margin. But by electing Kristin Olafsdottir as deputy chairman and showing thereby their desire for change and an improvement of the party mode of operations they have supported the "democracy generation."

Others find the agreement intrigues of the "democratic" group somewhat comical. They say that they place their greatest confidence in the increased strength of the labor arm on the party Executive Committee and in the demand that has emerged from the party convention for the happy cooperation of the various dissimilar factions in the party and their harmonious activities. Through the coordination of the activities of the party and of THJODVILJINN, among other things, the party should achieve success in coming months.

There is the hope that people will look at the future of the People's Alliance Party now that the historic party convention has concluded. "It has never been the case in Icelandic politics that groups which have controlled a party for a decade vanish," said one person interviewed by MORGUNBLADID. He said that the convention should be viewed in terms of the struggle of Icelandic leftists in the future. Young people have, without question, emerged from the convention very victoriously. A strong bloc has emerged within the People's Alliance Party that has every interest in forming the policy and mode of operations of the party in the spirit of the conceptions that the "democracy generation" has struggled for.

Another person interviewed said that what has actually been achieved at the convention is that the "democracy generation" has gained the positions of deputy chairman and chairman of the Executive Committee by accepting minority status on the Executive Committee. He said it should become clear in the coming weeks and months whether the majority will check the "democracy generation" or whether there will be an agreement of all parties on cooperation. At the present moment, therefore, it is impossible to say which party faction came out more victorious.

Experience alone will show whether or not the assertions on good cooperation and sincerity will be put into practice. It is evident, on the other hand, that in spite of the election of a new People's Alliance Party leadership, there are present here representatives of dissimilar factions and points of

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view, and that it cannot be doubted that there will be heated contention, not the least due to the fact that the Executive Committee of the party comprises much stronger individuals now than at any time before. Time alone will tell whether or not this will strengthen and consolidate the People's Alliance as a political force of leftists in Iceland.

#### Battle for Deputy Chairmanship

Reykjavik MORGUNBLADID in Icelandic 9 Nov 85 p 44

[Article: "Apparently Two Women Will Run for Party Deputy Chairmanship"]

[Text] Issues were by no means clear in the "Woman's Movement Camp" of the People's Alliance Party yesterday evening as the young ladies wracked their brains to decide whether they would support Kristin R. Olafsdottir or Alfheidur Ingadottir for party deputy chairman. It has been decided that there will be a new meeting of the "Woman's Camp" today. The controversy over whether convention delegates should support Olafsdottir or Ingadottir when the People's Alliance Party deputy chairman is elected today dominated the activities of the party convention yesterday. There was also dispute about who will be chairman of the party Executive Committee. Olafur Ragnar Grimsson has offered to run but the clique of "party owners" of the People's Alliance Party say that they intend to run Asmundur Stefansson, president of the Icelandic Trade Union Council, against him, if Olafsdottir is elected deputy chairman. Also dominating convention activities yesterday were major arguments about the actions or lack of policy of the party leadership and there were noisy demands for change.

The in-fighting and conflict within the People's Alliance Party clearly came to the surface yesterday during the party convention and much of the time was spent by People's Alliance counselors in compromise discussions in the side rooms of Borgatun 6 concerning who, or rather which woman, should be supported in party deputy chairman elections that are to take place later today. Kristin A. Olafsdottir is still considered most likely to win the election and this means that those wanting Alfheidur Ingadottir as a counter-candidate are the underdogs. And those supporting Ingadottir are said to belong to the People's Alliance Party "owners clique."

When it became clear shortly before noon yesterday that Kristin Olafsdottir would be a candidate for the deputy chairmanship, whether she was the only one running or not, the party leadership came into the picture and made clear to Olafsdottir's supporters, including Olafur Ragnar Grimsson and Ragnar Arnalds, that if she was in fact going to run the party leadership would then nominate Asmundur Stefansson, president of the Icelandic Trade Union Council, as an opponent of Olafur Ragnar Grimsson in the vote on the chairmanship of the People's Alliance Party Executive Committee.

The leadership of the People's Alliance party made repeated efforts yesterday to get Vilborg Hardardottir, retiring People's Alliance deputy chairman, to change her mind and to stand for reelection, but without success.

Many members of the People's Alliance who have supported whatever party leadership there has been in the party in the past were concerned yesterday, when MORGUNBLADID reporters spoke with them, that if the results of the elections today are that Olafsdottir and Grimsson are elected to the posts they are seeking, then Svarar Gestsson, chairman of the People's Alliance Party, will be, politically speaking, almost completely isolated. He will have far less power and influence than has been the case in the past.

List of Officers Elected

Reykjavik MORGUNBLADID in Icelandic 12 Nov 85 p 2

[Article: "Ludvik Josefsson Receives Largest Vote in Party Central Committee Elections"]

[Text] Former minister Ludvik Josefsson received the largest vote in elections of the party Central Committee at the People's Alliance Party convention which ended on Sunday. The convention chose 40 members of the Central Committee out of a total of 104 who run for the office. There were 216 persons voting and each convention delegate chose 40 persons, with 3 receiving three votes, 3 receiving two votes and 34 one vote.

Ludvik Josefsson received 226 votes. The following persons were also elected. Vote totals are given in parentheses: Sigridur Stefansdottir (212), Elas Kirstjansdottir (211), Finnbogi Jonsson (200), Thuridur Petursdottir (196), Gudrun Hallgrimsdottir (187), Helgi Gudmundsson (176), Kjartan Olafsson (173), Tryggvi Thor Adalsteinsson (173), Arnor Petursson (172), Helga Sigurjonsdottir (165), Bergljot Kristjansdottir (160), Gretar Thorsteinsson (160), Logi Kristjansson (159), Thorgrimur Starri Bjorgvinsson (154), Erlingur Viggosson (153), Johann Geirdal (152), Bjarnfridur Leosdottir (152), Bryndis Thorhallsdottir (140), Kristinn V. Johannsson (140), Oskar Gudmundsson (140), Berit Johansen (136), Haraldur Steinthorsson (135), Hallveig Thorlacius (132), Petur Reimarsdottir (131), Skuli Thoroddsen (130), Ulfar Thormodsson (126), Sigurdur Magnusson (124), Snorri Konradson (123), Olof Rickardsdottir (121), Adalsteinn Baldursson (120), Thor Vigfusson (117), Gunnar Guttormsson (116), Lena Rist (116), Gunnlaugur Haraldsson (113), Gudjon Jonsson (111), Bergthora Gisladottir (101), Bryndis Sigurdardottir (101) and Margret Gudmundsdottir (97).

Three men received more votes than the last three women on the list, yet the women won election because of the rule that either sex must comprise at least 40 percent of Central Committee members. These men, namely Ragnar Arnason (111), Gudmundur Th. Jonsson (109) and Gudni Johannesson (108), will thus be the first alternates. In addition to elected representatives, there are seated on the Central Committee 4 representatives from each electoral district (34 delegates in all), party officers (4), regular and alternate members of the party Executive Committee (16), party Althing delegates (10) and 7 representatives from the Young People's Movement. The party Central Committee thus comprises more than 100 persons.

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Reykjavik MORGUNBLADID in Icelandic 13 Nov 85 p 28

[Editorial: "Party at Impasse"]

[Text] The People's Alliance Party is a party at an impasse. This is the primary result of the party convention which took place last week. It was clear before the party convention that the position of the party chairman, Svavar Gestsson, had become extremely weak. There was much criticism of him in the party on account of his dictatorial actions. His weakness and the weakness of the innermost kernel of the party came clearly to the fore in a public meeting of the publishing company of THJODVILJINN a short while ago, when the chairman suffered many shocks. This was evident at the first meeting of the THJODVILJINN Editorial Board when it became clear that Svavar Gestsson would not have been elected board chairman if the votes of the alternates on the board had been counted. Actions at the party convention underscored the weak position of the People's Alliance Party chairman. He made repeated effort to prevent the election of Kristin Olafsdottir as party deputy chairman but was unsuccessful in his efforts. At the end of the convention the party chairman stands surrounded by Olafsdottir, deputy chairman and chairman of the party Central Committee, and Olafur Ragnar Grimsson, chairman of the party Executive Committee. Gestsson struggled against Olafsdottir and her hostility and the hostility of Olafur Ragnar Grimsson has now become crystal clear. Svavar Gestsson was thus in no way victorious at the convention, even though he was reelected as party chairman. His position as chairman will be difficult also because, according to party rules, he may not be reelected chairman again by the next convention. His chairmanship will thus end at the next People's Alliance Party Convention.

Svavar Gestsson's opponents have named themselves the "the promoters of democracy." They have maintained in the press that they have won a historic victory at this convention. This is incorrect. Although this faction has succeeded in electing its deputy chairman, and likewise the chairman of the party Executive Committee, they do not have a majority on the committee itself. It is possible to conclude that the old People's Alliance leadership group has held on to its majority on the party Executive Committee or at least that party members in the labor movement have achieved a dominant position and can do what they like there. In any case it is clear that Olafur Ragnar Grimsson has no majority on the Executive Committee. Just like Svavar Gestsson he is isolated on the Executive Committee and is in fact hemmed in. The "promoters of democracy" have thus not come out on top in the People's Alliance but they have achieved a sufficiently strong position to limit the freedom of action of the party chairman. The old party clique has lost so much that it is now lamed. For this reason the People's Alliance Party is a party at an impasse.

It is also noteworthy that all the discussions at the convention were concerned with internal party struggles. All of the energies of the meeting thus went to solve disputes between individuals, which were first and foremost a matter of personality. Since these disputes were not settled between the individuals through elections, but through agreements behind closed doors,

they were unresolved. This fact will result in the People's Alliance party being absorbed in its own internal business in coming months . The party will for this reason be unable to get a good grip on its role as government opponent or in the struggle over issues at a national level. This fact means a great deal for the coalition parties and means that their most important opponents in the coming elections will be the Social Democratic Party and, to some degree, the Women's List. The Social Democratic Alliance is out of contention since its internal struggles have rendered it powerless.

The People's Alliance Party is moving briskly into the same condition that it was in during the years of National Recuperation, a condition which lamed it to a large degree during that decade. Efforts in the future need be stronger and not weaker. The old People's Alliance clique, which is the heir to the old communists of the Socialist Party, will now direct its every effort in the coming months towards undermining its opponents and destroying them. This old kernel of the party has a special knowledge of activities of this kind and is very likely to be victorious because of its experience, although perhaps under the leadership of a man other than Svavar Gestsson, who has missed his footing to such a degree that he can no longer be an influential leader of the party on a national level in the future. Opponents of the old clique, on the other hand, loom so large in politics that even though they might loose the battle for dominance in the People's Alliance Party in coming years they will not give up. For this reason, we should expect great political tidings from this front in the coming months. The fact that the People's Alliance Party will be taken up with its own internal struggles in the coming months, however, provides the coalition parties with an opportunity that would mean a great deal if they can use it.

#### Columnist Views Power Fight

Reykjavik MORGUNBLADID in Icelandic 14 Nov 85 p 9

[Commentary by Staksteinar: "MPs without a Party Line"]

[Text] The power sharing of the fighting factions in the People's Alliance Party was decided in the party convention. However, it is unclear how the relationships will work out in practice. Staksteinar will today consider whether or not Geir Gunnarsson and Svavar Gestsson have misused the age of television when they refused to discuss the budget in the Althing on Tuesday or whether they are not prepared to take their line from their new party masters.

#### Avoiding the Budget

There is much dispute on whether or not there should be directly telecast meetings of the Althing. Opinions are divided on the subject since many think that MPs are afraid to discuss matters on the agenda during programs and will instead use the time for general party agitation or for attacks on their political opponents unconnected with the issues.

On Tuesday Icelandic State Television televised the first discussions of the budget with the permission of the Althing. MPs were happy with the request of

State Television to telecast the proceedings. Minister of Finance Thorsteinn Palsson accompanied the television crews and later introduced representatives of the political parties one by one. When it was the turn of Geir Gunnarsson and Svarar Gestsson it seemed as if the budget was no longer on the agenda. The newly reelected chairman of the People's Alliance Party began to read a policy statement of the party convention, which was concerned, as is known, with everything else besides party policy. The People's Alliance MPs proved that MPs cannot be trusted to talk straight in the age of television.

#### Standing Under Party Banner

Although the People's Alliance MPs thus avoided discussion of the budget during the first discussion of the budget in the Althing, it is clear from what appeared in THJODVILJINN yesterday that they were standing under the party banner in what they did. Since the party convention the editors of THJODVILJINN have thought that they have the measure of Svarar Gestsson and look upon it as their function to provide slogans for him rather than to berate him. THJODVILJINN editors now think that their position in the party is such that they can judge what is right and what is wrong in the actions of the party chairman. It is stated in a lead editorial of the paper under the heading "Right Answer:"

"Geir Gunnarsson and Svarar Gestsson, People's Alliance members of the Althing, completely refused to discuss the so-called 'draft budget' during the budgetary discussions televised yesterday. They pointed out correctly that the draft is nothing more than a meaningless piece of paper that means next to nothing. The burlesque of the television program was deceitful and in practice nothing more than a gross insult to intelligent people. The draft budget was patched together with difficulty and as a result of the arrogant Stykkisholmur Meeting of the Central Committee of the Independence Party it was stated by the present minister of finance that the budget means nothing and that no real cuts could be expected.

Since then no report has been made to the opposition parties on proposed cuts and changes in the original budget proposal although government forces are untiring in bewailing the fact that the budget proposal is ineffective. It was only yesterday morning that the opposition parties got to see a rough sketch of the changes. The sketch could not be discussed or marked up.

Such actions are intolerable and comrades Gestsson and Gunnarsson did what was totally correct under the circumstances, by simply refusing to discuss the useless document, and discussed instead the results of the wonderful People's Alliance convention.

May they continue to act in this manner!"

#### Is This the Shape of Future Events?

The reasons given by THJODVILJINN why Geir Gunnarsson and Svarar Gestsson preferred to discuss anything but the budget proposal when it was under discussion in the Althing are baseless. In what ways were Gunnarsson and Gestsson worse off with respect to the budget proposal than other MPs of the

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opposition parties? In discussions of the kind that took place in the Althing on Tuesday, MPs did not need to have the figures of the minister of finance on the tips of their tongues to be able to express their opinions and the opinions of their parties on the budget proposal.

The course of events within the People's Alliance could have been the following: It was only shortly after the party convention that the budget proposal was first discussed. The glow of victory that the party had survived its convention had still not run its course. The new party leadership had not had the time to tell Gunnarsson and Gestsson what the party position was on the budget proposal. The line was developed that it would be best just to read the political resolutions of the convention. When THJODVILJINN saw that Gestsson had done what he was told, they were filled with joy and published the first praise of him in a long time.

What has happened is what is likely to happen in the future in the Althing activities of the People's Alliance Party: namely that the party Althing delegation will have its wings clipped and that its members will be crippled in what they may say before party meetings. The meaningless talk of the People's Alliance MPs during the live telecast is thus perhaps not a misuse of television. The cause of the problem may rather be that they did not know what they could say.

#### Congress Foreign Affairs Stand

Reykjavik MORGUNBLADID in Icelandic 15 Nov 85 p 24

[Editorial: "Silence on Foreign Affairs"]

[Text] For obvious reasons there has been concern about the decline that has settled in the affairs of the People's Alliance Party and which characterized to a large degree the party's convention. In connection, very little has been said about the policy that it was intended to map out at the convention. A political statement was resolved there that is characteristically loose. There were also resolutions on such things as "there should be a real reduction in exports of fresh fish" while, on the other hand, foreign affairs were forgotten entirely, if we may judge from convention resolutions as they were published yesterday in THJODVILJINN.

There can be many explanations why the People's Alliance Party convention decided to say nothing at all about foreign affairs in its political resolutions. The irresponsible policy of the People's Alliance, a policy intended to make Iceland simultaneously neutral and defenseless, has suffered much in years past. Through its membership in the 1978 government, without demanding that there be a clause in the government's political agreement calling for the withdrawal of the garrison force, the People's Alliance discarded an important precondition for participation in coalitions. People's Alliance protagonists have demanded to have an accounting about this within the party.

Savar Gestsson was able to become a minister in 1978 only through accepting in fact the presence of the garrison force. Olafur R. Grimsson is an effective

participant in international associations of MPs which have nothing on their agendas in terms of dissolving NATO or weakening their defenses through unilateral disarmament.

Only those with a hand in People's Alliance business can explain why the party convention passed no resolution on foreign affairs while a general position was assumed on political issues. Is the silence in this area to be understood in terms of failure to reconcile the views of the pro-Soviet and others within the party? Is opposition to Western military cooperation no longer that rallying cry that it once was in the People's Alliance?

There is the need to have public answers to the questions since we are dealing here with a fundamental issue in Icelandic political struggle for decades. MORGUNBLADID thinks there is nonetheless reason to conclude that they who control the People's Alliance, when push comes to shove, have fallen away from their youthful views that Soviet peace is a better choice than the peace that has prevailed in our part of the world for 40 years.

A primary cause for the decline of the People's Alliance is that its members have for so long tried to hide their real views in order to reach the voters. We must view the silence of the People's Alliance Party convention on what should be done to guarantee the independence, security and defense of the Icelandic nation in this light. The members of the People's Alliance are aware that the old policy of "Iceland out of NATO, remove the garrison force" is no longer held in favor--even the Alliance of Military Base Opponents is aware of this--for this reason they have chosen to keep their silence about foreign affairs in their political resolutions. They have no intention of throw the issue before the voters as they have done in the past, hoping that silence in this area would suit them better at this point in time. The old banner will not be waved again until the highest goals of the party--ministerial posts--have been achieved.

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POLITICAL

ITALY

**CRAXI ADDRESSES PARLIAMENT ON FOREIGN, DOMESTIC OBJECTIVES**

Rome AVANTI! in Italian 5 Nov 85 pp 2-4

Prime Minister Bettino Craxi 4 November Lower House Speech: "Foreign and Domestic Objectives Demand Utmost Responsibility from Everyone"

Text Honorable President, Honorable Colleagues: In my presentation of the program of the government to the Chamber on 9 August 1984, particular attention was devoted to foreign policy.

Peace, security and independence, together with the defense of human rights and the people's rights, were cited as the fundamental values from which that policy would draw its inspiration. On that occasion I accordingly explained Italy's desire and determination to participate in the process of constructing peace by favoring exclusively the negotiation and peaceful resolution of international disputes. I then declared that "the basis of our political and military alliances is to be found in the defensive and security objectives of the Atlantic Alliance, in the solidarity between the European countries of the Alliance and the United States, and in the responsible and balanced coordination between Europe and the United States in a confluence of responsibilities among free and democratic countries."

In particular, I noted that Italy "is opposed to the doctrine of military solutions, in which--even in those regions closest to us--Italy could not in any case be involved." I reaffirmed that "Italy will always take a stand against the law of might; against the violation of the people's rights; and against pretensions to--and undertakings of--hegemony and oppression. This applies above all to the Mediterranean region, where Italy will continue to exercise all its influence to reduce tensions and to assist in the search for peaceful and negotiated solutions that are respectful of the rights of the people and the nations." I expressed the hope for a renewed peace process in the Middle East--the great frustrated hope of these years--and indicated the government's concern over the situation in that region and its desire to develop friendly relations of aid and trade with all of the Arab nations and the North African nations in particular.

These concepts and these aims were also contained--and specified--in the programmatic policy lines agreed upon by the forces of the government coalition. In particular, one could read there that "with respect to the unresolved Middle Eastern question, Italy will avail itself of the role it has

acquired in the region to promote a policy of negotiation based on reciprocal recognition: a policy that will lead to an institutional solution of the Palestine people's demands for identity and autonomy and of Israel's demands for guarantees and security." And further: "If the safeguarding of peace; cooperation; and the patient negotiated solution of local conflicts are the priorities that most continuously will be the aim of our foreign policy, the government should monitor the multiple and repeated situations in which the defense of the people's rights and human rights is at stake."

Honorable Colleagues, I want to point out today that the foreign policy action of the government has been on the whole completely consistent with the principles and programs expounded, and I can assure you that this will continue to be the case.

In the phase of acute opposition that has characterized East-West relations for a long period, the Italian Government has sought out the possible areas for action. Our objective was to prevent a stagnant situation in U.S.-USSR relations from being accompanied also by a general paralysis in the East-West sector that would have had the effect of making a resumption of negotiations even more difficult and distant.

Someone during this period wrote ironically of an Italian "mini-Ostpolitik," and the way was opened for distorted inferences and interpretations and presumptuous admonitions, when in fact it was entirely clear that our objective was basically to assist in reducing tensions and to strive to broaden understanding and create a climate favorable to a resumption of comprehensive East-West negotiations.

The reconstruction of a framework of East-West collaboration--made possible by a patient and tenacious effort on our part and on the part of other nations which like ourselves are desirous of arriving at the stage of dialogue--helped to prepare the ground for a positive outcome of last January's meetings at Geneva between the United States and the USSR, which led to the initial agreements providing for the start of new negotiations with respect to the reduction and control of nuclear and space weapons. The government welcomed these agreements and did not deem the subsequent differences of interpretation to be such as to diminish their importance or challenge their validity. The format adopted for the new negotiations, and the agreed-upon articulated method, are still the most rational structure for safeguarding the respective requirements for security in an overall context that must include offensive and defensive devices, in the search for--and identification of--new balances for the respective forces at the lowest possible level.

At the conference of the major industrialized countries held in New York on 24 October, Italy again set forth its own views and its own concerns, in its endeavor to assist in developing a reasoned allied position that would be consistently open to serious and constructive dialogue.

In recent months, events and situations have taken place that obliged us to explore the possible lines along which an in-depth, updated analysis of all aspects of the East-West relationship could--in the Italian view--be conducted, and in particular those aspects relating to the disarmament negotiations.

A key point that gave rise to great uncertainty over the progress of the Geneva negotiations was--and still is--the Strategic Defense Initiative launched by the government of the United States. Its declared--and reaffirmed--purpose remains peaceful and defensive and therefore does not correspond to the meaning that might be inferred from the inappropriate label of "Star Wars" but rather refers to a new and revolutionary system of strategic defense installed in space. Such a defense project, however, has involved--and involves--essential problems relating to maintenance of the overall strategic balance.

The position of the government has been clear from the beginning: we took our cue from the formulation of the Soviet-American agreements of January of this year, which were freely signed, asserting that--consistent with the so-called "among the three groups'" interrelationship--the reciprocal guarantees should have emerged and been agreed upon without pre-judgments, by means of constructive negotiations on definite points which we for our part have proposed to define on various occasions. I wish only to point out that the Italian position of principle--reaffirmed recently by the parties of the government coalition--has always been linked to the concept of a general equilibrium capable of guaranteeing the security of everyone without any position of military supremacy for anyone.

Most important of all, therefore, are the commitment not to obtain unilateral advantages by means of new weapons systems; strict observance of the ABM Treaty; the commitment to impart greater stability to strategic ratios; and finally, reaffirmation of the principle that the ultimate objective of the negotiations must be the attainment of reciprocal security at significantly reduced levels of strength.

As for the Strategic Defense Initiative, the fundamental problem is one of ensuring that on any given occasion the political decisions--and therefore the objectives of arms reduction and arms control--will be capable of conditioning technological development and therefore of keeping the results of research within the confines of effective programs of control. Hence the importance of a succinct debate concerning the defensive character of the SDI and concerning the commitment to a consensual management of the possible results, so as to avoid the emergence of factors for destabilization of the strategic ratio that would lead to Soviet countermeasures and therefore to a new arms race.

Concerning this and other points, we had in New York an interesting and very constructive discussion. We considered various options, and the President of the United States responded to a number of concerns that we--and also the other allies--had voiced.

He showed himself to be aware of the destabilizing effects that a monopoly of a technology could have on the strategic balances, and reaffirmed American readiness to discuss with the Soviets the strategic implications associated with hypothetical new weapons, with a view to determining jointly the ways in which the defensive systems can eventually be introduced into the alignment of forces without any diminution of security. He expressly told us that the

results will be utilized for the benefit of everyone, so that the defensive systems can gradually be combined into a deterrent and thereby progressively reduce the role of offensive missiles. The question now is obviously to ascertain how--through negotiation--it will be possible to determine, concretely and by mutual consent, the practical modalities for managing a transitional phase of this type so as to arrive at a different ratio between offensive systems and defensive systems but in such a way as to ensure the same strategic balance.

In the New York discussion, priority attention was devoted to the ABM Treaty, to the terms of which SDI research must be rigorously subject. This is a point of great importance for the credibility of the negotiations. It is not simply a question of pledging oneself to keep research within the framework of the possibilities allowed by the ABM Treaty but also of defining what those possibilities are. The Italian Government had expressed concern over an initial interpretation--broad in character--made by the American side with respect to the research possibilities allowed by the ABM Treaty and by the interpretative declarations agreed upon in connection with the treaty.

I may say that we received confirmation in New York that the United States will adhere--over and above research activities, which are allowed--to a restrictive interpretation of the limits set by the treaty on the development of, and experimentation with, ABM systems and their components that would be designed to operate in space.

All this bears out the fact that in the phase of forming a negotiating position it is of fundamental importance to have the responsible participation, without disclaimers, of all those who have consistently fulfilled the obligations of Atlantic solidarity and who intend legitimately to strive together for the success of negotiations which because of their enormous repercussions affect the general interest. We shall continue to be alert and determined to have our opinions heard whenever we believe we can put forward useful ideas--as, for that matter, we have done in recent years. Even when the proposals of the USSR contained aspects that were unacceptable or were contradictory, we have never failed to express appreciation every time we have perceived in them an indication of goodwill and dialogue--every time we have discerned in them useful proposals for the resumption of dialogue.

We have expressed a very positive judgment--one that is assuredly very precise--concerning certain aspects of the most recent proposals of the Soviet Union on the subject of the reduction of strategic nuclear weapons, and we are very pleased that in New York President Reagan--after announcing the American intention to formulate counterproposals--then informed us of their content and thereby expanded the process of comparing positions--a process that must continue and thereby serve as the most effective guarantee of the maintenance of dynamic and constructive negotiations.

As for Italian participation in the SDI research program, we have assumed--in cabinet session--a specific commitment to evaluate the degree to which such participation would be consistent with a certifiable national interest, in terms of its scientific and technological implications and its industrial

repercussions. The problem of participation is, however, distinct from the problem of evaluation of the strategic implications of SDI--an evaluation which it would be premature today to formulate, given the uncertainty with respect to the results attainable through research on the antimissile defense systems, and should be the object of a continuing process of consultation within the Atlantic Alliance.

As for the technological aspect, we shall give consideration to encouraging the process of innovation that is impacting many sectors not only in the civilian area but also in the conventional military sector. We have already obtained important data, and I believe that the government will be in a position in the coming weeks to complete the study phase and to place the necessary decisions before Parliament, while still taking into account our adherence to the Eureka program. In coming to the final decisions that we will study with a view to their possible adoption in a European accord, we shall take into consideration the specific interests of Italian industry and the need for protecting its competitiveness in world markets.

Honorable Colleagues, at the New York conference we devoted much attention to the hotbeds of international crisis and agreed on the necessity for always exercising the negotiation option to resolve them. We can have no genuine peace so long as in many parts of the world serious crises remain that threaten to spread and involve additional countries and, moreover, exacerbate the always difficult confrontation between East and West. We have appreciated President Reagan's intention to make a renewed commitment to a solution of the hotbeds of crisis by making this one of the principal topics on the agenda of the talks that he will have in Geneva with Soviet General Secretary Gorbachev. We believe it is equally important that a mechanism for managing the crises be found that will protect fully the functions and role of the United Nations but will at the same time mobilize all forces that are able to make a useful contribution first of all toward containing the crises and then toward resolving them. We have already in the past advocated and supported the role of the regional mechanisms as instruments for solving the crises while respecting the interests and legitimate aspirations of the countries involved. But we cannot do other than agree as to the usefulness of the action of the two major powers, to be carried out in a cooperative posture but without returning thereby to a schematic bipolarism that is no longer possible. It is a question of urging the two major powers to face up to their special responsibilities and therefore to play an enhanced role in the exclusive interest of the parties involved.

I have already observed on other occasions how--unfortunately--the chain of crises in the world has only gotten longer. New links have continued to be added to the chain while not one of the crises that has arisen has been resolved positively.

Of these regional crises there is one--the Middle East crisis--on which I believe I must place particular emphasis because of the gravity of the events that have taken place, with a view to evaluating the situation and confirming the correctness of the peace objectives that we have pursued and shall continue to pursue.

There is no doubt that the events of recent weeks have created additional factors for complicating and hindering this peace process in the Middle East--a process which is in everyone's interest. It is a moment of great difficulty, one that poses the necessity for intensifying efforts to prevent the absence of prospects for negotiation of the crisis from sooner or later giving rise in the area to a new and more threatening recrudescence of terrorism, violence and new and dangerous tensions among the countries of the region.

I believe it would be useful to take a look at the circumstances which in due course motivated the Italian Government to play an active role in restoring credibility and vigor to the peace movement in the Middle East, even amid the increased responsibilities that subsequently devolved upon it from its tenure of the presidency in rotation of the European Community. When toward the close of 1984 the prolonged stagnation of the negotiation process was intensifying the feeling of frustration among the Arab populations and threatening to bring about a new spread of political and religious radicalism, the disturbing picture of the Middle Eastern situation was described for us in particular by President Mubarak, by King Fahd of Saudi Arabia and subsequently also by Algerian President Bendjedid and Tunisian Prime Minister Mzali. A new impetus became necessary--a new action that would serve to defuse a situation which in their judgment was one of danger and high risk. When--in this context--King Hussein launched the idea of a Jordanian-Palestinian initiative, we viewed it very favorably and strove to have it accepted and developed.

It was necessary to encourage the PLO and to support a definitive clarification of its internal situation so that the Palestinian movement might--without reticences or ambiguities--decide upon a position from which to negotiate an understanding with Jordan.

While recognizing the need for maintaining a dialogue with Damascus because of the importance of Syria's role in the region and in the overt dispute with Israel, we were convinced that the real impetus for negotiation--at that precise moment--could have been provided by Egypt and Jordan through some forms of accord with the PLO. It was during this period that Minister Andreotti and I together met with Palestine leader Yasir Arafat in Tunis and urged him to make a new gesture that would enable the PLO to demonstrate that it had chosen the negotiation option definitively and irreversibly. We explicitly stated on that occasion our opinion that it would be necessary to arrive at a comprehensive Jordanian-Palestinian program that would embody unequivocal responses to all aspects of a solution to the Arab-Israeli crisis--responses, therefore, not only to those questions bearing on Jordanian-Palestinian relations within the framework of a future institutional arrangement to be predetermined and specified but also to those concerning the type and form of relations to be established with all the countries of the region, as well as to those specific questions concerning the security, recognition and rights of the state of Israel.

Until that moment, it would not have been possible for either Italy or Europe to carry out any supporting action or to undertake any initiative.

Under these conditions, however, we were successful in stimulating a most active EEC support based on the principles agreed upon in Venice in 1980. A reading of the minutes of that meeting will prove to be quite useful for anyone who wishes to reconstruct the ensuing chain of events accurately. The chairman of the PLO told me and the minister of foreign affairs that he was aware of all that we were telling him and promised that in a relatively short time he would have a confidential message sent to us, together with a "packet" of measures that would be oriented in the direction requested by us.

This commitment was in fact fulfilled, and Arafat informed us of his intention to reach an agreement with King Hussein on an initiative capable of giving new impetus to the peace process.

The Jordanian-Palestinian agreement, concluded on 11 February of this year, was received favorably by Italy and also by the 10 EEC member countries, which regarded it as a document capable of inspiring a commitment to negotiate a solution that would be consistent with the principles maintained by them and with the resolutions of the United Nations. In the judgment of the Ten the agreement represented a constructive forward step, as was stated in the 29 April 1985 resolution of the European ministers of foreign affairs, which accordingly served to confirm the statements I had made at the conclusion of the European Council in late March--speaking in the name of heads of state and heads of government--that explicitly voiced their appreciation of the Jordanian-Palestinian agreement.

But I received encouragement from President Reagan as well, in the form of a positive evaluation of the Jordanian-Palestinian agreement and of the potential that it opened up for the peace process. I shall read in this regard the statement I made on 5 March at the conclusion of the conversation at the White House with President Reagan (it was an agreed-upon declaration): "We talked about the situation in the Middle East, and noted with satisfaction the appearance of positive signals capable of reactivating the negotiating process with a view to a political solution of the Arab-Israeli crisis. Both of us noted with interest the recent Jordanian-Palestinian dialogue and the agreements that were reached, in the hope that these agreements will make it possible to arrive promptly at a joint Arab position for the purpose of initiating realistic negotiations with Israel. We agreed to keep in touch with each other so that we may effectively assist any positive movement toward a just, comprehensive and lasting peace in the Middle East."

Despite certain differences of opinion, in my talks with Shimon Peres I had found appreciation for the actions that Italy was taking in the Middle East. The Israeli prime minister gave our country credit for being able to make a great contribution toward enabling the various parties in the area truly to find a point of convergence.

"We must," Peres said in Rome, "together find peace and respect for all peoples, including the Palestinians. We believe that Italy can play an important role in enabling the Middle East to become once again a cradle of civilization rather than a theater of conflict."

I must point out that these appraisals came after the polemics that were stirred up somewhat hastily over the meeting that Andreotti and I had with Arafat in Tunis.

I repeat, at that meeting the Palestinian leader undertook a specific commitment which he fulfilled, giving rise to a document that was approved by the Ten and was regarded even in the United States as an action helpful to the resumption of a credible negotiating process.

All this did not happen by accident but on the basis of a rapprochement--which we supported--of the PLO policy line to those positions which in the view of the Ten, but not merely of the Ten, would have been capable of moving the peace process forward. I may mention in this regard two factors that are innovative and of undeniable significance: the acceptance by the PLO, from the outset, of a federal union--as requested by Jordan--within the framework of which the right of self-determination would be exercised; and the renunciation (also by the PLO) of exclusive representation of the Palestinians in favor of an appointed negotiating delegation.

The Jordanian-Palestinian initiative was the object of our conversations in Rome and Moscow with Gromyko and Gorbachev, in the course of which we insisted on clearing away the layer of mistrust--if not indeed of hostility--that had suddenly emerged.

Beginning in March, intensive negotiations were initiated with a view to finalizing the intermediate steps toward the start of direct negotiations between the parties. Much effort was centered on the formation of a joint Jordanian-Palestinian delegation.

I spoke of this personally last February with Prime Minister Peres, who said he could not accept preeminent personages of the PLO as members of the delegation, for otherwise he would be compromising with the ideology of violence. Minister Andreotti discussed this with the Jordanian Government, and Andreotti and I together discussed it with President Mubarak at the meetings we had in Rome and in Venice, respectively in February and March of this year.

These were difficult negotiations, in which the United States and the Ten were involved in the expectation of being able to agree on the composition of a joint Jordanian-Palestinian delegation that would be acceptable to all the interested parties. These efforts have continued to be made with particular diligence--although with difficulty--by King Hussein and President Mubarak, who in September made two separate visits to the United States. It was in New York, in his speech to the UN General Assembly, that King Hussein proclaimed publicly for the first time a readiness to begin direct negotiations with Israel, although under "appropriate auspices." It was, in other words, a formula that clearly provided the margin for a subsequent elaboration that would have been able to reconcile the demand for direct negotiation with the demand for an appropriate international context, which for many was--and is--identifiable as the members of the UN Security Council.

Unfortunately, this attempt--so laboriously constructed--also did not have time to produce the right results for setting in motion a negotiating process with prospects for peace, or time to lay the groundwork for the subsequent steps, because at the very time King Hussein was in the United States developing his initiative to the highest possible degree the bloody Israeli incursion into Tunisia was taking place--an action explained as a reprisal for the slaughter in Cyprus of three Israeli citizens at the hands of Arab elements. It was an act of aggression against a sovereign state, but above all it was a murderous blow struck at a political plan that even amid so many difficulties appeared to have the potential to serve as a credible negotiating option.

The subsequent events--the confusion produced throughout the region--have without a doubt drawn attention to the upswelling of a crisis that seems to have brought everything and everyone again into question.

There can also be no doubt that in a period as difficult as this the PLO has apparently been unable to maintain full control over all those who are recognized members of the organization or who say they are.

We are faced with a deterioration of the entire Middle Eastern situation--one that also involves the PLO and confronts it with problems of consistency in respect to its policy and basic objectives.

It would, however, be dangerous to become involved in hasty judgments.

No one should forget that the Jordanian-Palestinian option originated as a gradualist approach to a comprehensive settlement.

Consideration is again being given to the possibilities for an international conference, while ascribing to such a conference roles, formats and functions so diverse as to make the process of holding it quite difficult and lengthy. Even in this case, however, an adequate response must be found to the problem of Palestinian participation and representation.

We have not interpreted the agreement of 11 February as the only alternative to comprehensive negotiations, which some visualize as taking the form of an international conference and others as a mere consultation or meeting. We have in fact viewed it as an action that is in any case positive, as an action destined to assemble new consensuses within the framework of a gradualist approach--one small step at a time--but without prejudicing the final result of the negotiations.

There are no concrete alternatives to a representation of the Palestinian people that is recognized by the great majority of the Arab states, and Jordan for its part has confirmed that it cannot approach the negotiations with Israel without the Palestinians. It would be risky and dangerous to imagine any scenarios outside of this reality.

Honorable Colleagues, on the basis of a careful and profound analysis of the developments that have taken, and are taking, place in connection with the Middle Eastern crisis, the five parties of the government coalition have agreed on certain principles and on certain parameters.

Italian foreign policy will continue to function in accordance with these fundamental considerations.

These considerations relate to the fact that the basic problems of the Middle Eastern crisis continue to be the unresolved problem of a secure peace among the countries of the region, the problem of a solution to the Palestine question, and the disturbing developments in the Lebanese tragedy. They confirm Italy's commitment--in close and continuing coordination with the European partners and in concert with the United States--to make the appropriate constructive contribution to the search for a comprehensive solution that is just and peaceful, and Italy's support for any peace initiative proposed that rules out any military solution. They confirm the necessity, in any case, of respect for the fundamental right of the state of Israel--and of the Arab states of the region--to exist and to be secure, and respect for the legitimate rights of the Palestinian people and for the validity of rational Jordanian-Palestinian institutional solutions. They confirm the prospect of a comprehensive peace settlement that would apply to all the countries of the region and thereby draw attention to the need for achieving the broadest possible cooperation and the most constructive international convergence. They confirm the utilization--in whatever manner and in all instances--of the negotiation option, primarily with respect to Israel and Jordan and also with respect to Syria and Egypt, with the association--in the appropriate forms--of the PLO, which will be able to play its role in this process to the fullest only if it follows without reservation the course of peaceful negotiation. They confirm the principles of the 1980 Declaration of Venice, whose validity has constantly been reaffirmed by the European Community and which includes--as is well known--recognition of Israel's rights, the Palestinians' right to self-determination, and the specific and representative role of the PLO. And they confirm the conviction that only through a renewed commitment to a peace process will it be possible to oppose effectively the recrudescence of terrorism, which Italy condemns in whatever form it is manifested and regardless of wherever it originates.

Honorable Colleagues, the fight against terrorism finds us in association with all countries afflicted by terrorism, and participating in all the political and organizational efforts to prevent and combat it. This solidarity and this participation derive from our moral sensibilities, from the laws we have given ourselves, from the risks and dangers we also face and from the necessities that also weigh upon us.

From the paroxysmal high point of as many as 2,513 attacks suffered in 1979, Italy dropped to 75 reported attacks in the first 9 months of this year, with a total of 4 dead and 72 injured.

This is still a negative statistic for a peaceful and civilized nation such as Italy, but it signifies the defeat of terrorism, launched down an irreversible slope: a defeat--that is to say, a victory for the state, won with the aid of its legal, ethical and political principles.

While domestic terrorism was declining there was growing in Europe, and also in our country, what has been called "Euroterrorism"--that is to say, the

type of terrorism introduced by European groups which by the nature of its attacks and the kinds of participation it utilizes allows us to discern objectives associated with destabilization of all Western Europe and its political, Community, military and industrial structures. It is a risk that we still run and against which we have built our defenses in Italy and in Europe.

With the worsening of the tensions and conflicts on the Middle Eastern chess-board, the terrorism of Arab matrix has also resumed. The attacks carried out by this matrix during the present year total 24 in all of Europe, of which 11 were in Italy. Twenty of these attacks were directed against Jordanian, Libyan, Iraqi, Palestinian and Iranian objectives, and the rest against Israeli or European objectives.

We cannot, however, do other than regard as terrorist acts against Italy those terrorist acts that are carried out on our territory and that mow down victims among the Italian citizenry. An offense not against truth but against common sense is committed by anyone who ascribes to us an intention or desire to confront this terrorism all by ourselves, rejecting the solidarity and cooperation of all the other countries that are committed to the struggle against terrorism. Our intention is the opposite: to develop this necessary cooperation, just as it is unquestionably necessary to review the effectiveness of our systems for controlling the foreign influx into Italy, with complete respect for the very ample rights that we ensure to all those who are guests in our country.

You know that the problem of terrorism has been dealt with at the international level on many occasions. Effective legal instruments have been adapted for the purpose, and significant direct political commitments have been undertaken to prevent and to suppress all terrorist activity. Specifically, Italy has subscribed to the five conventions drafted in this regard within the framework of the United Nations, and to the European Convention for the Suppression of Terrorism elaborated by the Council of Europe. Under the terms of the agreements arrived at among the industrialized countries we are committed to providing the best possible implementation of the measures agreed upon to combat air piracy and hostage-taking. Precise orientations were set forth in the declarations announced at the Summits of the Seven in Bonn in 1978, Venice in 1980, Ottawa in 1981 and lastly in London in June of last year.

Equally significant has been our contribution to the action undertaken by the countries of the European Economic Community, beginning with the meeting held in Dublin in September of last year for the purpose of preventing the abuse of diplomatic immunity and discouraging the extension, by the individual countries, of diplomatic immunity to persons involved in terrorist activities.

Finally, there is the proposal put forward recently at the United Nations--also on the initiative of Italy--to pledge all the 159 countries of the United Nations to combat the alteration of the course of ships for terrorist purposes, through the adoption of a specific international convention.

But there is still another important statistic that I must emphasize concerning the subject of terrorism, in refutation--as always--of a truly excessive quantity of disinformation that continues to be circulated with the appearance of gospel truth. This statistic tells us that Italy is the only European country that has succeeded in identifying and bringing to justice almost all the perpetrators of the attacks carried out on our territory. It is a statistic that reassures us concerning the efficiency of our security systems, but it is also a statistic that tells us that in Italy we are neither closing our eyes nor avoiding our responsibilities.

It is still our profound conviction, however, that no system of prevention or suppression of terrorism can guarantee to us the free and peaceful life to which we aspire, if terrorism is not combated by means of political and diplomatic action at its point of origin, where it is born of the rivalries, injustices and atrocities of which the Mediterranean is now a daily theater of action. For this reason I do not think all this advice, however well-intentioned, that reaches us from various sources to the effect that we should not "become too much involved," should draw back, should wait and see what happens, is the right advice. Our task is to do all possible in behalf of peace, in the Middle East and in the world.

We have also received some criticism for the harshness of our reaction to the Israeli raid on Tunis with its 73 dead and its 16 Tunisian victims. I could end the argument by citing the UN Security Council resolution which agreed with us completely when it described the raid as "an armed attack perpetrated in flagrant violation of the UN Charter and international law." I would add only that this resolution refused to regard Israel's attack as a reprisal, which was the only point on which there was disagreement among the declarations of censure that were expressed unanimously by all the civilized countries of the world.

Honorable Colleagues, I believe there is no need this morning for me to retrace the various stages of the "Achille Lauro" affair. The result achieved--the saving of so many human lives, the deliverance of a great ship that has already been able to resume its normal cruising activity--proclaims that the policy followed by the government in such anguished moments, in that dramatic situation, was appropriate and correct. This is, moreover, now acknowledged by world public opinion. I was particularly gratified by the expression of thanks sent to me by the entire crew of the "Achille Lauro," whom I thank in my turn because I--and all those who worked with me--were merely doing our duty.

The judicial investigations into the entire story--from the planning of the hijacking to its organization, its execution and its conclusion--are going forward. I am pleased with the productive start of these investigations, and I earnestly hope that in a short time it will be possible to know the truth and fix all responsibilities.

Arafat's repeated statements concerning the PLO's noninvolvement in the terrorist acts had seemed to me from the outset to be supported by his obvious political self-interest, as was also his denunciation of an act which is

regarded among other things as damaging to the Palestinian cause. But I still believe that the PLO--where we are concerned--owes us an explanation that I am sure he will want to provide.

In this regard I may note the statements made during this period pledging the PLO to assist in searching for the truth and in fixing responsibilities, either by making itself available for collaboration with the Italian judiciary or by conducting an investigation of its own, such as is reportedly already under way with a harvest of evidence of which we in the government have received only indirect information. On the other hand, it is not foreordained that the "Achille Lauro" affair can hold no further surprises.

Honorable Colleagues, one cannot overlook the role played by the press--and by the mass media in general--in an event that has aroused the concern and emotions of the whole of world public opinion. On the other side of the Atlantic the mass media have shown themselves to be extremely sensitive to the strong emotional content implicit in the case, often--unfortunately--at the expense of the truth and the general interest. I had a very frank meeting with the U.S. press that included a direct and in-depth clarification which made it possible subsequently to report a more complete and better-balanced evaluation of the events.

Certain reactions appearing in the Italian press have proved to be no less emotional. In the course of only 2 weeks, two of the largest national weeklies--going beyond the bounds of good taste and common sense--have taken the liberty of publishing two violent portrayals of the "pro-Arabism" and "pro-Americanism" that allegedly divide the Italian Government. Indeed, in the space of these 2 weeks, what hasn't been written and what hasn't been said?

To use the felicitous expression of one journalist, a process of "indecent verbosity" has in any case been inaugurated--a process that has troubled the entire history of the nation from the Punic Wars to the present day.

We have once again heard talk of "imperialism in rags"; the specter of colonial aspirations has been raised; and we have been accused of susceptibility to populist, neutralist and--I don't know in what sense--Third Worldist temptations, because we favor strong support for efforts to solve the problems of Third World development. Our abandonment by our allies, the Balkanization of Italy, and our descent into the inferno of world mistrust have been predicted--all within the unacceptable context of a wretched Italy that is devoid of moral and material values and is destined inevitably to live in the reflected glory of the powerful, to be the eternal victim of the rhetoric of its own rulers.

This sort of "trial"--this downright poisonous campaign--is a concentrated effort to describe an Italy that does not exist either in terms of economic and social reality or in terms of its international status, its culture or its prestige. The Italy of today is a great modern nation, solidly linked to the life of the major industrial democracies, deeply involved in the reality of the free and civilized world; in the Mediterranean we have no hegemonic or

civilizing function to fulfill, but we do have concrete interests -- peace and concrete economic interests to defend. The five parties of the coalition, declaring that peace in the Mediterranean is a "vital interest" of ours, have by a simple and fundamental statement made clear the entire scope of our duties and our policy in this area. The danger of anti-Americanism--so dramatically feared by certain newspapers--does not exist in Italian public opinion; the phrase "Yankees go home" is a parody of the sentiments of a society that is increasingly integrated into European and world civilization and is well aware of the historical and political importance of the great American nation to our freedom and the freedom of Europe. Other than a few individual questions, all that remains of this entire polemic is the preoccupation with this redundant and unexpected echo of the simple reaffirmation of our sovereignty and our national dignity.

It has therefore been easy--after so much commotion--to clear up and compose the differences that have arisen with the United States.

My meeting with President Reagan was inspired by those sentiments of friendship that he had expressed to me previously in a message conveyed to me in advance by Assistant Secretary of State Whitehead on Saturday, 19 October. We agreed that the difficulties arising in recent days between Italy and the United States must now be studied in depth, with objectivity and without prejudice, so as to avoid any such incomprehension in the future.

The American President reaffirmed that he has complete faith in Italian justice. He has publicly and repeatedly acknowledged the effectiveness with which Italy is participating in the effort to combat international terrorism, and he renewed to me his request for closer coordination between our two countries.

We agreed that the relations of friendship between Italy and the United States are stronger than any incident that might occur to disturb them. We explained that a lack of information and understanding was the principal cause of certain hasty reactions: the United States was not, in fact, cognizant of certain facts and was accordingly induced to make different evaluations. Despite any differences that have arisen, however, they have never cast doubt upon the solidity of the ties between Rome and Washington.

For my part, I explained some aspects of the "Achille Lauro" affair that were not well known in America.

I clarified certain matters of fact and of law that are useful in obtaining a better understanding of all aspects of the entire affair.

I assured him that the judiciary is carrying out all the necessary verifications, in the light, moreover, of the American requests made through diplomatic channels.

Then there was the matter of the events that took place at Sigonella: events that in the interest of both countries and of NATO must never be repeated. I explained--together with Minister of Foreign Affairs Andreotti--that the NATO

bases in Italy may be utilized by our allies only for the specific purposes of the Alliance and in conformity with all provisions of the agreements in force.

We were thus able to end all the polemics. These events had also created irritation in vast sectors of Italian public opinion, not so much because of the magnitude of the events but basically because of a question of principle.

Honorable Colleagues, the differences that the "Achille Lauro" affair caused within the government--to the point of provoking the cabinet crisis--are the subject of documentation so extensive that it frees me from the necessity of speaking of those differences. I have to believe that there is nothing more to write or say than what has already been written and said in the course of a polemic that in truth could not have been more public or open.

It is precisely these characteristics that enhance the value of the clarifications that ensued, beginning with the unanimous recognition of the correct and effective action taken by the Italian Government to bring about the good outcome of the dramatic adventure of the "Achille Lauro"--action that led to the salvation of the ship and its passengers.

Moreover, I believe that because of the amplitude and complexity of the affair, and because of its repercussions, Parliament has every right to reintroduce a proposal to investigate the matter in whatever forms the parliamentary groups believe appropriate to adopt.

Requests for clarification have also been made concerning the concept of collegiality. I reaffirm the validity of this principle, which is fundamental to the very existence of a government coalition, whose members cannot do without this basic guarantee.

It is a concept that has been fully incorporated into the new regulations covering the activities of the government and of the office of the prime minister, as provided in the government-sponsored bill concerning regulation of the office of the prime minister that is already before both houses of Parliament. We shall solicit their approval of the bill. It has meanwhile been referred back to the cabinet, which will adhere to the regulations prescribing full collegiality, in consideration of the political representativeness that is peculiar to it and that is the justification for its existence.

Along with the unconditional praise merited by all those who in the various sectors strove either to guide the "Lauro" affair to a good result or to cope with a "worst-case" scenario under the best possible conditions, we must acknowledge that this extraordinary emergency found us in some respects unprepared. Disconnectedness and uncertain jurisdictions led to damaging uncertainties and delays in respect to intelligence, the configuration of the overall situation, and the necessary and continuous updating of the situation.

It is therefore useful to find a suitable instrumentality that is capable of going automatically into action for the purpose of managing new--and unfortunately possible--crisis situations, with respect to which it will be necessary to establish forms of liaison and consultation with the parliamentary opposition as well.

Honorable Colleagues, on the basis of these orientations the parties of the government coalition established that the reciprocal clarifications made with respect to the differences that had arisen sufficed to make it possible to surmount the crisis and reestablish governmental collaboration.

The president of the republic, after giving consideration to my communications, rejected the resignations of the cabinet and invited me to appear before Parliament.

Honorable Colleagues, when in late July I announced to the two houses the government's directions and commitments for the future, the calendar was already studded with deadlines and urgency classifications impinging mainly upon the work to be done in Parliament to obtain the approval of important bills being debated.

These deadlines and this urgent business are still before us, alongside the budget bill and measures connected with it that have been rendered urgent by an economic situation that leaves no margin for delay. I have emphasized many times that the central problem of the budget is the 110 trillion lire of expenditure that remains over and above the government proposals for a reduction in expenditures and that will be added to the other 500 trillion of preexisting debt. It is by this yardstick that our proposals must be evaluated, and it is by the same yardstick that the proposals to improve, complete or supplant them that will be developed in Parliament should also be measured.

This leads in any event--and with even greater reason after the unforeseen interruption of these recent weeks--to the need for making haste, and for making haste also with the bills linked to the budget bill. The government--which has already introduced the bill to reform the IRPEF [expansion unknown]--will within a few days introduce the regional and local finance bills, which are an integral part of the strategy, and will strive--by also introducing amendments and supplementary measures--for speedy consideration of the bills to reform the public health system, the social security system and the INPS [National Social Security Institute], all of which will make it possible to impact significantly the operation of some of the more critical of our mechanisms of expenditure.

For the purposes of organizing the work of Parliament, the government will moreover request that the time left over from the budget session also be utilized for the other bills on which a renewed initiative in the areas of employment and investment in the South largely depends. The government has deemed it necessary to anticipate--in the form of a decree-law--the special plan for youth employment in the South, with the aim of making at least a part of the appropriation already authorized for 1985 available for spending; but it is now essential that the plan be approved in its entirety in the form of a law, so as to make available the appropriations destined for the subsequent years. The bill to reorganize the labor market--which is still in its first reading in the Chamber of Deputies--must, however, also be approved together with the developmental contracts, the new law concerning the South and the law concerning Calabria, all of which have already received Senate approval and are dramatically and urgently needed to put an end to a period of stagnation that has already lasted too long.

I am well aware that the measures indicated are more than sufficient to occupy the few weeks that separate us from year's end. However, I cannot neglect to mention the commitment just assumed by the groups of the majority to expedite the bill concerning the office of the prime minister; the commitment, shared by everyone, to reform the local autonomous entities; and the urgent need for putting an end as soon as possible to the temporary administration of the mixed radio and television system, not to mention the measures concerning housing; the ecology; the measures concerning the system of justice; the new currency regulations; and the urgent antidrug measures that were already partially acted upon for 1985.

Without a large measure of collaboration from the Parliament--a collaboration that involves not only the majority--all roads will be very difficult to travel, if not downright impassible. I hope that a more direct and more constructive dialogue can be initiated--a comparison of positions that is less subjected to rigid prejudgments and more open to the possibility of consensuses and joint decisions.

The government proclaims its readiness now and henceforth to undertake a search for agreements that would facilitate rapid approval of the basic laws and most significant measures. Just as in foreign policy there are major objectives the pursuit of which requires the widest possible national participation, so do domestic, economic, social and institutional questions also involve objectives and needs that are of such pronounced and obvious general interest as to require from everyone the strongest commitment and the fullest exercise of their own responsibilities.

Honorable Colleagues, the government will seek to keep abreast of the situation and of the commitments that relate to it. In difficult situations the government has shown itself capable of making difficult decisions. In a situation of crisis it was able rapidly to find the way to achieve clarification and understanding, inasmuch as this was required, first and foremost, by the general interests of the nation.

This morning, following an illuminating debate, I asked the Chamber to ratify and renew its vote of confidence in that government.

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POLITICAL

ITALY

PCI AMENDMENT STALLS HEALTH REFORM LEGISLATION

Milan L'ESPRESSO in Italian 3 Nov 85 pp 41-48

[Article by Cristina Mariotti: "All for a few more USLs . . ."]

[Text] More authority for technicians and less arbitrary placement: that is what the mini-reform in the health care delivery system was supposed to be all about. Comes now a PCI amendment that puts the reform on ice for another 3 months.

It is easy to come up with elegant hypotheses, to believe in total revolutions, to dream of an end to chaos and the dawning of an ideal order.

In the local health units (USLs) we hoped for, there would be no more stressful waiting-lines, no interminable waiting-lists, no hurried doctors, no brutal nurses, no corrupt or absentee office staffers. All this, if the politicians would only wave their wands in the right direction, could in very short order, become reality.

We are told so by Confindustria, which has developed an optimal model for operation of the health-delivery machine at the lowest reasonable cost: it was unveiled at a conference at Milan's Bocconi Institute at the start of the academic year. At the heart of the new, counter-reformed plan would be the patient-as-customer. He/she would always be right, as if in an up-scale shop concerned with its public image. Those who are dissatisfied can protest, threaten, or actually bring suit for damages, as people do in American TV movies. Upon discharge from hospital, the patient will fill in a report card, saying what he thinks of everything about his stay: food, cleanliness, timeliness of diagnosis, nurses' attitudes toward patients. USLs that accumulate too many complaints will have their budgets cut and their staffs put on probation with automatic and immediate loss of incentive pay. If the customers are satisfied, the Usl will get more money, more investments, more bonuses.

In Confindustria's Utopia, would USLs be permitted to compete with one another for more clients and more 4-star ratings? "That sounds

like a fair assumption -- all it would take is the political will to make it happen," declared Marco Campari, director of the National Diagnostic Center in Milan, one of whose undertakings is programming the new breed of health managers.

Ah, yes: the political will. But how much of that is there? As of now, after years of invective and promises and reams of reform plans (a good 14 in all), it is down to zero. A short time ago, the government's bill was introduced in the Chamber, where it sank in a sea of apathy. And yet it did not claim to revolutionize anything, but merely to put off, for a while, the fateful day when the Chamber would have to take a stand on the health issue. The upshot? For another 90 days the whole question is relegated to the deep-freeze, under a special extension: the old USL councils, which only a few months ago everybody seemed bound and determined to do away with, have been sentenced to stay alive. And who was it who introduced the torpedo amendment that scuttled the fragile mini-reform bark? None other than the PCI itself, the very party that has always been first to excoriate log-rolling.

"To tell the truth, in this latter all the modifications attached by the PCI went in the opposite direction," explains Health Undersecretary Francesco De Lorenzo (Liberal), "Did the bill propose installing political directors at the more profligate USLs? No, they said. Did it call for professional auditors? The Communists were against that. Did it essay to establish the principle of a majority that would run things and a minority to keep an eye on them, as is the rule in all democratic agencies? On that count, too, they introduced a counter-amendment designed to revive "associative participation," which has become a synonym for inaction, lethargy, and lethal erosion of accountability." And, as the latest blow, comes the amendment -- also signed by the PCI -- which, when the chamber approved it, distorted the whole thrust of the bill and forced Health Minister Costante Degan to withdraw it. "Management committee chairmen are to be chosen from among the members of the communal council," the Communists stipulated. In short, a paradigm of log-rolling.

This week's explanation: The PCI, which held a majority of [USL] committee chairmanships in all the major cities (Naples, Rome, Florence, Bologna, Genoa, Turin), following the 12 May defeat, was forced to abandon a lot of its fortified bastions. Hence the "continuity" orientation of some amendments. Probably, though, the forces that hurled Degan's fragile bark onto the rocks are considerably more complex. How many snipers were camouflaged among the very parties that had already signed the agreement on the bill?

"All you have to do is add up the numbers," says Maria Pia Garavaglia, DC chairman of the Chamber's Health Commission, "to see that that amendment was passed not only by those who wanted no change of any kind, but also by those who scorned it as futile, too weak to do the job, and lacking in innovative content."

And yet, only a few months ago, under fire from citizens exasperated at the scandals and reports of waste, not to mention the shortcomings of an increasingly unreliable service, all of them had vowed: either we shall succeed in straightening up the 700 health facilities that are devouring resources in excess of 40 billion lire yet fail to provide acceptable services, or we shall simply shut them down. Yet there were those who wanted to make them into special autonomous agencies, into mini-National Research Centers (CNRs); others thought it would be better to restructure them along the lines of the municipalized clinics and hire professional managers to run them; there were even those who threatened to abolish them altogether -- maybe by way of a referendum.

As things stand now, those pressing hardest for abolition of the USls are the physicians. At the Rome Polyclinic, they are furious. The funding isn't there, and organization is as bad as it possible could be. On Wednesday 16 October, a surgeon had to interrupt an operating-room procedure and send his assistant high-tailing it out to a drugstore to buy suture silk, because the operating room had run out and the supply room had issued its last spool. "He had to pay for it out of his own pocket," says Deputy Director of Health Carmine Cavalotti who, along with colleagues from his office, fired off a tape-recorded protest to the Region: Either give us the funds, or we'll shut up shop. "Believe it: we had already decided to clear the wards and send everybody home -- doctors and patients alike. Any service that cannot guarantee even minimal levels of care ought to declare bankruptcy and be done with it." At the Polyclinic, they are already more than 2 billion lire over budget, and the fiscal year still has more than 2 months to run.

"Till now, we were counting on credit," they say in the director's office, "but the management committee got the wind up and blocked the funds."

The way things are, at least at the Rome Polyclinic, seems to be a long, long way from the model of efficiency and simplification proposed by Confindustria. "Here, if you want to buy so much as a pair of surgical gloves," the doctors agree, "you have to go through countless administrative channels -- five or six -- and each of them takes an average of 2 weeks' time. Yet if we do run out of sutures or reagents for blood tests, somebody might well die."

What the doctors are stumping for is a clear dividing-line between the two levels of the USL structure, with the political side to be farmed out to the management committees and the operations side entrusted entirely to the professionals. They contemplate a main office staffed by administrative and health-care managers capable of getting all the cogs and wheels of the machine run smoothly.

"I agree that to run the health-care system as it ought to be run we have to reassess the role of the technicians," says the PCI's expert, Iginio Ariemma, skipping over the anti-reform behavior of his fellow-deputies in the Chamber: ("A poorly formulated amendment," is his comment), and he goes on: "In my view, an efficient health service should take on some of the behavioral standards and methods common in the private sector. For example, freedom to hire ranking outside experts on short-term contracts, so as to check out their performance and competence. Even a staff physician, as I see it, could be hired or reconfirmed in his post every 4 or 5 years, as is done in other countries as a matter of routine. And these same standards of performance should be extended uniformly to all hirings: operating-rooms or laboratories, like the divisions of a highly specialized industrial plant, should operate at full speed, thereby raising the overall productivity index. Every department, every medical unit, should keep track -- even if it takes a computer to do it, of costs and receipts, and each should plan a tailor-made budget, cutting back on services or expanding them, according to circumstances. Whatever savings resulted would be reinvested to improve the plant or redistributed in the form of incentive pay to the most capable."

Ariemma's formula resembles the model of Confindustria's dreams, and its thrust is identical: offer satisfactory services at lower cost. And to the Communist leader, as to the Confindustria experts, the key figure in the new USL structure must be the individual staff physician, the one man who could save the National Health Service enormous sums by common-sense evaluation of patients and restrictions on laboratory analyses and prescriptions, medication, and hospitalization. Sheer fantasy? A very recent report, sent (FYI) to the Botteghe Oscure as well, from one staff physician at San Camillo's hospital in Rome, complains: "The staff physician does not even know how many patients he has; if he wanted to find out, he would have to make the rounds of each of the 20 USLs in the capital." That is why patients are not charged uniform fees, "bar-ring compensation." Result? Five and a half million patients in Lazio, out of a population of 5 million citizens, are treated free. The staff physician farms out patients in a venal "arrangement" with the health system. The staff physician is a "multiplier" of expenditures, the fly-wheel to the merry-go-round that spins out 400 billion lire for the health system to squander: he hands out prescriptions by the dozen, orders patients admitted to hospital for such minor ailments as bronchitis. In sober fact, though, if the man does not know how many patients he has, how can he reasonably be charged with delivering "excessive services"?

One USL chairman once tried to find out just what was going on, using available computer facilities. Answer: the staff doctors in his unit were handing out 20 prescriptions per patient per day, all year 'round. When apprised of that audit, they wrote fewer prescriptions, and saved more than 3 billion lire.

That brings us to the pathological dysfunctions: nursing-homes that treat long-term patients as if they were intensive-care cases and charge very fat fees for doing so; and -- we learn from a report from the Rome Surgeon-General's office -- there are phantom laboratories that produce "a tenth of what they cost," while the outside specialists wax fat; then there is the personnel problem: invariably too many or too few people, but none of them can be transferred; overtime work is an "independent variable" by comparison with the quality of work, and a cost factor that continues inexorably to rise.

That is not to mention -- this from a report by the Health Ministry -- fraud, the traffic in phony prescriptions, the drugs sold on the black market, the padded bills, the inflated investment claims, and more: theft, peculation, bribes for contract awards, and "incentives" from the pharmaceutical companies to prescribe their products. A thousand instances of unethical practices, documented by two investigating commissions and by inquiries conducted by Carabinieri substance-alteration units, have been gathered into a file kept by the central Health Planning Office. This year, though, to make life a little harder for the cheats, the Ministry has acquired a new investigative tool: a quarterly X-ray of every USL's books. If one hospital spends half a billion lire to whitewash a wing and another manages to renovate a whole pavilion for less, which is the more deserving? The performance parameter had already been written into the Health Plan bill enacted last June providing that, below the mean levels of productivity (and the mean for the public sector is considerably lower than that found in the private sector, by 56 as against 85 percent), a department or even an entire hospital will be ordered to close. The Plan lays down the law on a lot of other matters as well: average length of stay, bed turnover, top limits on spending, transferability of personnel, and even competition with private hospitals. The USL, says the law, can offer services for payment, upgrade amenities in their short-term facilities, and earn enough money to enable them to finance new investment.

Will the Plan succeed in getting the derelict medicine show back on the road? In mid-October, 300 USL administrators gathered in Bari to talk about that very thing, at the invitation of the National Association of Italian Communes (ANCI). The tone of the debate? Acrimonious. Especially when they found out that, with the fragile bark of mini-reform lost at sea, they were doomed to stay on the job for another 90 days, their hands tied, powerless to make even the slightest decision, and bade to sit tight and keep their seats safely warm until the time came for relegating them to the attic.

[ Boxed material ] All the Figures on the Disaster (by C.M.)

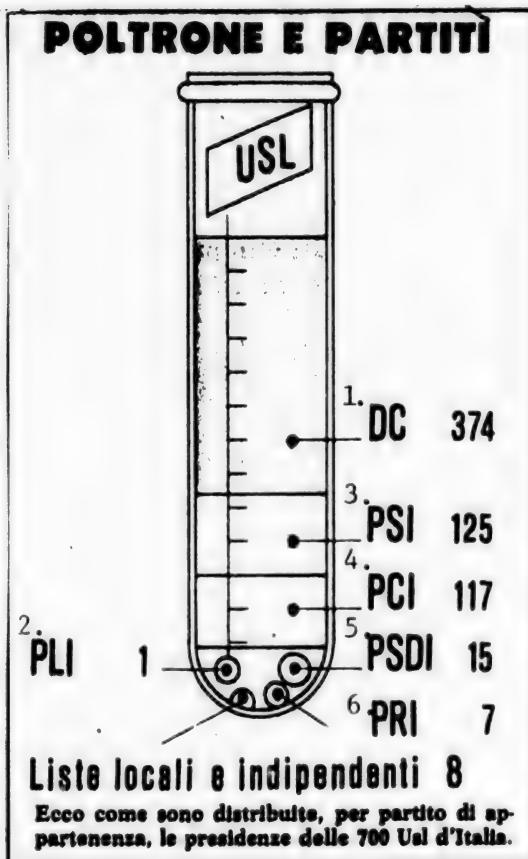
The health-care delivery system is in the red: the 1985 books already show a deficit of more than 2 trillion lire. If Health Minister Costante Degan does not find the missing money very quickly there will be a shutdown of hospitals and clinics in a great many regions. But behold! Meanwhile, the ink still wet on the report from the Planning Office in Costante Degan's ministry reveals its bottom line on the operation of the 1984 performance of the nation's 700 Usls. The first point it makes is that the National Health Service has heightened and, in some instances aggravated the anti-reform unfairness and arbitrariness. What we have here is a health-care jungle that divides Italians into poor people on welfare and rich people with insurance, offering to one group better health-care at lower cost and to the rest more risk than certainty at very high prices.

Roughly speaking, health-care, like taxes, can be broken down on a regional basis into three categories: North, Center, and South. There is one cluster of regions (Friuli, Lazio, Liguria, Tuscany, and the Marches) spend much more per capita than the national means. A second group stick to the guideline of 648,000 lire per capita per year (they are Venezia, Abruzzo, Umbria, Piedmont, Lombardy, Apulia, and the Val d'Aosta). Lastly, bringing up the rear, come the South and the islands, which spend less than the mean. Among the most spendthrift regions is Lazio, which soaks up a tenth of the national health budget, around 4 trillion lire of it, is certainly a paragon of poor management. Liguria is in part justified for spending so much because its population is older and needier, and therefore requires more health care. In Tuscany, though, the USLs spend a lot of money, but offer a broader and more efficient range of services.

Although funded under the old system (which in practice means bottom-line billing for services, in the absence of any semblance of a [national] health plan at all, and hence of any health planning), "the 1984 fiscal year," we learn from the report, "ended with a narrowing of the gap around the national mean." That means that the health-care delivery system in Italy is a little fairer, even though the two tips of the pincers are still very far apart: Friuli, which spends 20 percent more than the mean (779,000 lire per capita), and Calabria, which spends 17 percent less per capita than the national mean (538,000 lire per capita). The booby prize goes to Calabria, but that can be explained as part of the under-developed syndrome so pervasive in health-care delivery systems in the South in general.

To restore the balance between public and private sectors (in the South the private sector handles close to 50 percent of the demand) the Health Ministry report suggests pruning away the dead branches and beefing up the specialties that, at least until now, are still competitive: cardiology, cardiac surgery, and hematology.

Allocation of Chairmanships by Party



Local and Independent Lists

This is how the chairmanships of Italy's 700 USLs are parcelled out according to party affiliation

Key:

1. Christian Democrat Party
2. Italian Socialist Party
3. Italian Communist Party
4. Italian Republican Party
5. Italian Liberal Party

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CFO: 3528/14

POLITICAL

ITALY

PCI REGISTERS 20,000 NEW MEMBERS IN OCTOBER

Milan L'UNITA in Italian 9 Nov 85 p 1

[Text] Another 20,000 citizens joined the PCI in 1985. That is the most significant datum in the final count as of the end of October. That brings the sum-total of card-carrying members to 1,588,376, or 98.05 percent of our strength in 1984. Of them, 422,898 were women, making them 26.62 percent of our membership. Those who took out their first PCI cards this year numbered 60,490. There was a clear recovery by comparison with where we stood at the end of September. As of then, we were short about 51,000 members if we were to match the 1984 mark; today we need only 31,000 to reach it. Of the 20,000 who renewed or picked up their cards in October, more than 8,000 were women, and 2,800 registered for the first time.

Last year's membership levels have already been reached by five regions: Abruzzo, Calabria, Basilicata, Molise, and Sardinia.. All told, 40 federations matched or topped that level: Isernia, Sassari, Avezzano, Avellino, Frosinone, Potenza, Cosenza, Latina, Nuoro, Rieti, Capo d'Orlando, Enna, Macerata, Castelli, Carbonia, Tivoli, Benevento, Brindisi, Terni, Ragusa, Pordenone, Salerno, Teramo, Oristano, Trento, Lucca, Lecce, Chieti, Catanzaro, Pescara, Grosseto, Sondrio, Venezia, Gorizia, Arezzo, Campobasso, Viterbo, and, from abroad, Belgium, Lausanne, and Luxembourg.

The drive to complete the 1985 enrolment campaign is currently being followed up by activities on the part of party organizations for the 1986 membership campaign, launched on 1 November with "Ten Days of Overtime." Comrade Elio Ferraris, who heads the central organizing sector, had this to say about these latest figures: "We registered fewer members again this year than in 1984. These are not satisfactory figures, as we had found at the national leadership meeting on party problems. These latest figures show, however, that the membership loss is not irreversible. If there is a strong and intelligent commitment, we can achieve our goal of restoring and improving relations between the mass of the Party and the decision-making strata of the society. I believe the figures, including the disappointing ones, made public have helped to stimulate not only some hard thinking, but more action on the part of our organizations.

POLITICAL

NETHERLANDS

GOVERNMENT, PARTY SPOKESMEN ON REFORMS IN SURINAME

The Hague ANP NEWS BULLETIN in English 27 Nov 85 pp 1-2

[Excerpt]

The Hague, November 26 - The Dutch government ... offered to talk with all those taking part in Surinam's new political dialogue to obtain clarification on reforms announced by military ruler Desi Bouterse this week.

The foreign ministry spokesman, announcing this, said the Netherlands was disappointed that the announcement heralded no concrete steps for an early return to democracy.

The wording seemed to imply that there will be no early resumption of aid payments frozen since 15 of Bouterse's opponents were executed in December 1982.

The Dutch have said since 1982 that 'concrete steps towards democracy' were the precondition for resuming an aid programme worth 1.6 billion guilders (550 million dollars) to Surinam.

The ministry's comment followed news that Bouterse and the main political parties had agreed to work towards introducing a new constitution and a form of representative government by April 1987.

Aims Welcomed

The foreign ministry spokesman said: 'We are happy to see a realisation of the need for peaceful change in Surinam, but we are a little disappointed there have been no concrete steps towards democracy, no firm words on consulting the people'.

However, the Dutch government noted that the dialogue started in September between the military authorities and political parties had now led to a reform plan which aimed at a broadly-based political renewal, he said.

The Netherlands was also pleased to note that participants aimed to guarantee a state of law and a peaceful transition to democracy and social justice, the spokesman added.

In parliament here, the major parties reacted sceptically to Surinam's announcement of reforms aimed at 'genuine democracy'.

Labour spokesman Henk Knol said that Saturday's accord aiming at a new constitution and a representative government by 1987 signified 'little or nothing'.

He warned the Second Chamber it would have to be 'doubly watchful' as Bouterse could seek to legitimise his position by using the 'old' political leaders.

'Nothing New'

Knol said the offer of new democratic relations was 'nothing new', as such promises had also been made when the cabinet under Prime Minister Wim Udenhout came to power at the beginning of this year.

Liberal spokesman Frans Weisglas said there could be no question of restoring Dutch development aid to Surinam, as the new reform plan in no way represented the 'concrete steps towards a restoration of democracy and a state of law'.

Weisglas added that he saw the accord as positive in itself and hoped that it would lead to a return to democracy.

He welcomed the participation of the 'old' political parties, but added that the reform plan was too vague, especially on the question of how the Surinam people would be consulted on the composition of a new government and the future role of the military.

Christian Democratic spokesman Harry Aarts said restoration of Dutch aid to Surinam now would be premature.

Aarts advised that the Netherlands should await further developments in the dialogue between the military and leading political figures to gain an insight into how much influence the latter would gain on policy.

He stressed that the CDA demanded concrete reforms towards democracy such as a constitution, elections and freedom of the press as a condition for resumption of Dutch aid.

/13046  
CSO: 3600/17

POLITICAL

NETHERLANDS

BRIEFS

COALITION GAINS IN POLL--Hilversum, November 25--The ruling Christian Democrat (CDA) and Liberal Parties are regaining popularity and would win half of the seats in the 150-member Second Chamber if elections were held now, an opinion poll released by the Vara broadcasting corporation over the weekend shows. In an election poll results would have produced the following distribution of seats among the major political parties (September 1982 election results in brackets): Christian Democrats 46 (45), Labour 58 (47), Liberals 29 (36). The poll conducted by the Inter/View Bureau showed a loss of one seat for the Pacifist Socialist Party (3 seats), while the Communist Party (CPN) would lose two seats (3). The results for other small left and small right parties showed little change from present parliamentary representation. Inter/View said the tide had turned in favour of the ruling coalition at the beginning of summer when the Christian Democrats started to regain ground. It said the poll had shown that former Liberal leader Hans Wiegel, at present the Queen's Commissioner (governor) for Friesland enjoyed greater voter confidence than current VVD leader Ed Nijpels. [Text] [The Hague ANP NEWS BULLETIN in English 25 Nov 85 pp 5-6] /13046

CSO: 3600/16

POLITICAL

NORWAY

GOVERNMENT SUPPORTS NUCLEAR FREEZE POLICY IN UN

Storting Agrees on Policy

Oslo AFTENPOSTEN in Norwegian 19 Nov 85 p 3

[Article by Morten Malmo: "Norway Votes for UN 'Freeze'"]

[Text] All parties in Storting with the exception of the Progressive Party now support a vote by Norway in favor of a UN proposal to freeze nuclear arsenals. In its explanation of the vote Norway will stress that the country supports what is known as a "negotiated freeze." Both Foreign Minister Svenn Stray and his predecessor in the Foreign Ministry, Knut Frydenlund (Labor), view the resolution of the controversy on the freeze issue as an important contribution to greater agreement on Norway's foreign and security policies.

Norway has voted no and abstained from voting in the past when the Swedish-Mexican freeze proposal came up in the United Nations. One of the reasons why Norway can vote for the proposal now is that passages in the proposal criticizing the United States and praising the Soviet Union have been removed. The government parties started to clear up this issue in earnest last Thursday when the government's Foreign and Security Policy Committee met. This committee consists of Prime Minister Kare Willoch, Foreign Minister Svenn Stray, Defense Minister Anders C. Sjaastad, Church and Education Minister Kjell Magne Bondevik, Transportation Minister Johan J. Jakobsen and undersecretaries Nils Morten Udgaard and Thorbjorn Froysnes. The committee met again yesterday and the parliamentary leaders of the government parties and the chairman of Storting's Foreign Policy Committee, Jan Petersen (Conservative) attended the meeting and joined in the discussion. The final solution was arrived at as a result of this meeting and yesterday afternoon the decision was presented to Storting's expanded Foreign Policy and Constitutional Committee. It was necessary to deal with the matter so quickly because the freeze issue could come up before the UN's first committee as early as today.

## Solution

The three government parties agreed on the following six points concerning the freeze issue:

This time Mexico's UN resolution proposal for a nuclear freeze gives support to the talks that are taking place in Geneva. Therefore Norway also regards this as support for a negotiated freeze. This is the type of freeze Norway can support. Reference was made in this context to Storting Report S 225 (1983-84).

Norway stands behind the strategy of the western alliance and disagrees with the references in the resolution to nuclear deterrence. Norway does not agree that "nuclear deterrence has increased the risk that nuclear war will break out and has led to greater insecurity and instability in international politics." In this context too, reference was made to the report mentioned above, S 225 (1983-84).

Norway stands behind NATO's dual decision which is also aimed at negotiations for the purpose of reducing the danger of nuclear war in Europe. Therefore Norway's vote does not involve any criticism of the countries that are implementing this decision or of other related NATO decisions.

With reference to the above points, which will be stressed in an explanation of the vote, the conclusion is that Norway can vote for this resolution proposal. This position will be discussed with Storting's expanded Foreign Policy Committee before it is made final.

There is agreement that Norway must stress unified conduct in NATO in support of the western negotiators during their talks on disarmament and arms control.

The government supports the Foreign Ministry's letter of 16 April 1985 to Storting concerning SDI and the government has no comment to make on recent statements from official Norwegian sources on this matter.

## Positive

The parliamentary leaders of the Christian People's Party and the Center Party, Harald Synnes and Johan Buttedahl, said they were both satisfied with the result. Buttedahl did not think the statement last weekend by his party colleague, Ragnhild Q. Haarstad, that she would bring down the government unless it voted for the freeze in the United Nations had influenced the negotiations among the government parties. "We had a preliminary course ready before the weekend," Buttedahl said.

The Labor Party and SV [Socialist Left Party] expressed satisfaction with the government's decision. The deputy leader of Storting's Foreign Policy Committee, Knut Frydenlund (Labor), pointed out that the government has to take into account the opinions held by the majority of Storting members. "That is a necessity if they want to pursue a fixed foreign policy," Frydenlund

said. SV's parliamentary leader, Hanna Kvanmo, is also satisfied although she did not care for all parts of the vote explanation. SV will now decide whether to withdraw the party's proposal calling on Norway to vote for the freeze in the United Nations. Bjorn Erling Ytterhorn of the Progressive Party felt the freeze proposal is in direct conflict with NATO's dual decision and that implementing the proposal would solidify Soviet superiority. "I hope the government's stand does not mean that Storting representatives Lars Velsand and Ragnhild Q. Haarstad are now steering the government's defense and security policies," Ytterhorn said.

#### Vraalsen Votes at Meeting

Oslo AFTENPOSTEN in Norwegian 21 Nov 84 p 8

[Article by correspondent John Crowo: "UN General Assembly Vote"]

[Text] Washington, 20 Nov--On Wednesday evening Norway voted for a UN resolution to freeze the world's stockpiles of nuclear weapons but abstained from voting on another proposal and voted against a third.

In the explanation of the Norwegian vote, UN Ambassador Tom Vraalsen made it clear that the Norwegian government feels that a verifiable nuclear freeze could be an important part of the efforts to reduce nuclear stockpiles in the world.

Although the text of the resolution does not harmonize with Norway's views on a number of points, the Norwegian government has decided to vote for the proposal anyway, he said.

#### NATO Supported

Norway supports NATO's defense strategy and therefore cannot accept the view that dependence on the doctrine of nuclear deterrence has increased the risk of nuclear war and led to greater insecurity and instability in international relations.

"Therefore the Norwegian vote cannot be presented as a criticism of the countries that have implemented NATO's dual decision or of other decisions agreed on by the western defense alliance," said Vraalsen.

#### First Time

This is the first time Norway has voted for a freeze proposal. Last year Norway abstained from voting on a somewhat similar proposal.

It was the so-called Swedish-Mexican proposal Norway decided to vote for this time. The proposal was passed by 113 to 11 votes with six countries abstaining. Most of Norway's NATO allies were among those voting against the proposal: Belgium, Canada, France, West Germany, Italy, Portugal, Turkey,

Great Britain and the United States. Israel and Japan also voted against the proposal.

The six countries abstaining were the Bahamas, China, Iceland, Luxembourg, Ireland and Spain.

#### Other Proposals

An Indian freeze proposal was adopted by 110 to 12 votes with eight countries abstaining. Here Norway was among those who abstained from voting. Norway voted against a Soviet proposal. This was passed by 101 to 17 votes while eight countries voted against it [as published].

The tendency for this year's freeze proposals in the United Nations was that all the proposals received somewhat more support than they did last year.

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CSO: 3639/41

POLITICAL

PORUGAL

LATEST POLL RESULTS ON PRESIDENTIAL CANDIDATES

Lisbon DIARIO DE NOTICIAS in Portuguese 24 Nov 85 p 5

[Excerpt] The results of polls carried out by Pluritest and Norma for the EXPRESSO and SEMANARIO newspapers show that Freitas do Amaral will be the candidate who will receive the most votes in the first round of the presidential elections, with the possibility that he will go on to the second round, together with Francisco Salgado Zenha. According to the Norma poll, the former PS official is in second place with 19.4 percent of the votes, as against Maria de Lourdes Pintasilgo, who gathers 18 percent. Mario Soares is in fourth place among the various candidates, with only 8.9 percent. In the Pluritest poll, which, unlike the Norma poll, includes also Porto, Coimbra, Evora, Vila Real and Viseu besides Lisbon, Freitas do Amaral receives 38.7 percent of the vote, Lourdes Pintasilgo 22.8 percent, Zenha 16.3 percent and Maria Soares 8.3 percent. Moreover, according to the same poll, Mario Soares lost 11.3 percentage points in one month, while Lourdes Pintasilgo lost 13 percentage points; these votes could all go to Salgado Zenha.

It is interesting to note in the Norma poll that Lourdes Pintasilgo lost 6.6 percentage points following Salgado Zenha's interview with the RTP [Portuguese Radio and Television], and that 24.9 percent of the persons polled did not respond.

The differences between the percentages of Freitas do Amaral in the two polls--taking only Lisbon into account--(37.3 percent according to the Norma poll and 23.7 percent according to the Pluritest one) is in fact difficult to explain, since it amounts to 13.6 percent. However, one must not forget that the number of persons who did not respond or who did not support any candidate is 15.8 percent in Lisbon, according to the Norma poll, and 24.9 percent according to the Pluritest poll.

It should also be mentioned that the two polls have a 5 percent margin of error.

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CSO: 3542/38

POLITICAL

PORUGAL

NATIONAL PRESIDENTIAL POLL: FREITAS DO AMARAL AHEAD

Lisbon SEMANARIO in Portuguese 7 Dec 85 p 64

[Text] According to a nationwide poll conducted by the NORMA firm between 25 and 30 November, Freitas do Amaral firmly stays in first place following Salgado Zenha's entrance into the presidential race.

According to the results of this poll, which was commissioned by the Freitas do Amaral candidacy office, vote distribution in the first round would be the following: Freitas do Amaral, 30 percent; Maria de Lourdes Pintasilgo, 20 percent; Salgado Zenha, 20 percent; Mario Soares, 18 percent; others, 0.3 percent; undecided or not responding, 20 percent. Compared with the results of another poll conducted in October, the present poll's results show that Zenha stole votes from Mario Soares (about 4 percent), from Maria de Lourdes Pintasilgo (7 percent), and from the undecided (5 percent), besides having received votes that would have gone to other candidates (2 percent).

In the first round, Zenha would receive 43 percent of the communist vote. If eligible for the second round, this candidate could receive more than 80 percent of the votes of the Communist Party. The rest of those voting for Zenha would come mainly from the PRD [Democratic Renewal Party] which, together with the PCP, constitutes almost the totality of his electorate.

The votes of the PRD and the APU are divided between Maria de Lourdes Pintasilgo and Salgado Zenha. These two parties constitute, once again, almost the totality of these candidates' potential electorate in the first round.

The PS electorate is the main support of Mario Soares' candidacy, remaining faithful to its historic leader. Some of the undecided may join the PS voters.

Compared to previous polls, Freitas do Amaral's vote coming from the PRD, the PS, and those abstaining has risen, even though the largest numbers of his potential voters come from the PSD and the CDS electorate. Thus, this candidate seems to be sure of a significant number of votes throughout the democratic electorate.

Following the demonstrations of support in this pre-campaign phase, especially among university students, more than 30 percent of the voters between 18 and 34 years of age have already stated they would vote for Freitas do Amaral. In regional terms, Salgado Zenha and Maria de Lourdes Pintasilgo are the main beneficiaries of the vote in the southern part of the country, where the PCP electorate comes first in the first round.

The distribution of the vote is balanced in the city of Porto in regard to the four main candidates, even though Freitas do Amaral would receive more than one-third of the vote.

In this same poll, conducted among 1,000 individuals 18 or over throughout the mainland, the majority of the voters stated they intend to exercise their prerogative. Only about 7 percent have no intention of voting, while 10 percent are still undecided, and 3 percent did not respond. The tendency to abstain is higher in the northern part of the country and in the less developed regions. The same is true among voters 55 or over who are illiterate or have only an elementary education.

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CSO: 3542/49

POLITICAL

PORUGAL

#### INTRIGUING POSSIBILITY OF CAVACO-SOARES ALLIANCE ANALYZED

Lisbon EXPRESSO in Portuguese 30 Nov 85 p 3

[Article by Jose Antonio Saraiva: "The Cavaco-Soares Alliance"]

[Text] Six weeks ago, the resurgence of the AD seemed inevitable.

Cavaco Silva had won the parliamentary elections and was preparing to support Freitas do Amaral, who made no secret of the fact that he intended to reunite the two parties of the right.

On the other hand, the CDS, having lost at the polls, seemingly had no other alternative than to join the PSD in order to attempt a return to government.

Six weeks later, the situation appears significantly changed; not many people seem to have understood this.

The issue is that Adriano Moreira has become the CDS leader; and Adriano Moreira is not Lucas Pires, and not even Freitas do Amaral.

With Freitas do Amaral, Francisco Sa Carneiro was able to establish the Democratic Alliance.

It would have been possible for Cavaco Silva to found a "new Democratic Alliance" with Lucas Pires.

But can Cavaco resurrect the AD with Adriano Moreira?

It is very doubtful.

The PSD leader has insisted on stating at various times that he bears no similarity to Dr Oliveira Salazar. Under these circumstances, it is not very probable that he would feel at ease to form a government with a former minister of the Coimbra professor.

What will he then do?

There are various hypotheses, but there is a particular one that merits attention at this time.

Let us suppose that Francisco Salgado Zenha wins the presidential elections, defeating, besides Maria de Lourdes Pintasilgo, both Mario Soares and Freitas do Amaral. Should this come to pass, Cavaco's minoritarian government would immediately be threatened.

Naturally, the PRD and the PCP would begin talking of early elections, in an attempt to take advantage of the victory in the presidential elections in order to modify in their favor the balance of forces in Parliament.

And here is where the following question must be asked: To whom would Cavaco Silva and Mario Soares turn in order to face the assault of the communists and the "renewers"?

To whom would the present leader of the PSD turn if, as is probable, he would refuse to tie his fate to that of Prof Adriano Moreira?

The answer does not seem too difficult.

Thus, we are facing a situation in which Salgado Zenha's candidacy (which creates a "new majority of the left") and Adriano Moreira's elevation to the Christian Democrats' leadership (which contributes to making the CDS the "party of the right") have created a possibility that was unthinkable 6 weeks ago: The hypothesis of an alliance between Prof Cavaco Silva and Dr Mario Soares, as the sole way to resist the storm.

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CSO: 3542/49

POLITICAL

PORUGAL

UNDERMINING TACTICS SEEN OPENING WAY FOR 'POPULAR FRONT'

Lisbon A TARDE in Portuguese 28 Nov 85 p 8

[Article by Antonio Marques Bessa: "The Preparation of the 'Popular Front'"]

[Text] A well-known technique of contemporary political action has been applied to Portugal for a long time. This technique comprises the selective attack on certain institutions considered important in the plan for the defense of society. This is an intelligent, subtle, well-orchestrated attack in the various mass media which slowly wears down the efficacy of the institution.

False news is circulated, unfounded accusations proliferate, the institution is accused of being dangerous, of harboring dubious intentions, and its modification, its transformation is demanded. Normally, the change of its cadre is demanded so that they can be replaced by others who are more "attuned" to the wave length of the attackers.

This maneuvering was established by an Italian Marxist, Antonio Gramsci, who pondered deeply over the conditions in Italian society. He thought that communism was not advancing fast enough, and that this was due to the resistance of society's key institutions. He therefore believed that the best way was to attack and disorient these institutions, so as to leave defenseless both society and the state.

In Western societies, the state is defended by a series of powerful institutions possessing their own vitality and their own ends, which are genuine trenches. Gramsci thought that it was urgent to capture these trenches and use them as the basis for the assault on the state. He entrusted this task on the organization he called "the new prince," that is, the total of the new forces bent on conquering the state. As is obvious, this new prince is the Communist Party, a new master of souls and mental goods, hopes and parades.

Change the Beliefs

Within this plan, it is most important to possess the foundations on which are built the mass media, in order to change the main orientations

of the national culture, casting doubt on, or doing away with, values, principles and ethics, as well as their representatives: the saints, the heroes, the good men.

Once culture has been weakened and replaced by other principles, people no longer have reasons to fight: they do not believe in the homeland, in God, in the value of life, in property, in fatherhood, in the common heritage. They believe in other things, that have been slowly infiltrating their consciousness through the schools and the mass media, things that do not justify fights, struggles and death in combat. This new culture is that of the pacifist movements, of the homosexuals, of the procurers, of marginalism and of a permissive internationalism that does not have friends or enemies.

The key institutions thus become ripe for the attack. The main target is the Army. Lenin taught that without it nothing can be achieved. The leadership must be attacked and mastered, the intelligent and healthy chiefs who refuse to collaborate in such a campaign must be resented and eliminated and, finally, operational points and some bases must be obtained. If the army cannot be controlled, it must at least be made inoperative or neutral.

This leaves the University and the Church. Each one, in its own way, organizes knowledge and morals and deeply ties itself to the roots of society. Under assault, the University becomes factious because it is infiltrated. It starts teaching new myths and becomes a powerful instrument for the destruction of the old forms of society. As the center of knowledge, its function is to create and disseminate the new ideas and to abolish the old ones. Thus the training of cadres destined to fill important positions in the bureaucracy and the parties is ensured.

For the same reasons, the Church must lose its influence aimed at resisting the invasion of materialism and totalitarianism by the new prince. Either through infiltration or the effect of new ideas, many of which were obtained through the adroit manipulation of the Vatican Council of 20 years ago, the Church becomes less able to defend Catholic morality and even itself. The faithful and society thus are more vulnerable to the attraction presented by the new prince's ideology, which promises abundance, peace and equality, right here in this world. Abortion, drugs and the sects are all elements of this plan of action.

#### The Inevitable Defense

Institutions must defend themselves from this attack, preserving their traditional objectives and understanding the nature of the attack. It is important to understand the attempt at domination canalized through the mass media, an attempt which assumes new and attractive models aimed at replacing the old ones, which are also important defense trenches.

The new prince is a black prince and his strategy of pseudo-progressivism is, in reality, a mere establishment of Slav concentrationism in the forms

most repugnant to European individualism, to the respect for others' life and to the basic rights on which it is founded. This prince has found vassals and collaborators everywhere and in every milieu, but he has also come across the resistance of the institutions and the people. Meanwhile, today, following an intense Gramsci-style preparation, the black prince already finds the political society prepared for a "frontist" rehearsal, with a presidential candidacy used as the pole of attraction. This political rehearsal follows the task of weakening the civil society through its economic and moral proletarization.

Obviously, results do not depend exclusively on the technique, and both institutions and voters are still in time to understand that the "popular front," allied to and supported by a bloc of national salvation, never saved anyone. Historically, it has been the prelude of civil war and of dangerous confrontation.

/9604  
CSO: 3542/43

POLITICAL

SPAIN

#### GONZALEZ LOSES POPULARITY AMONG VOTERS

Madrid EPOCA in Spanish 28 Oct 85 pp 14, 15

[Text] The personal image of Felipe Gonzalez (which is, by far, PSOE's [Spanish Socialist Workers Party] best electoral asset) is in jeopardy. A poll taken by the Gallup Institute for our magazine reveals that nearly half the voters are of the opinion that this image "has deteriorated," while only 16 percent think that it has improved and 34 percent believe that it has remained unchanged.

The question asked of those polled linked the change in the prime minister's personal image with the fulfillment of the electoral promises. The answers show that the majority of the citizens, including those who voted Socialist in 1982, think that the deterioration in the image has exceeded the improvement.

In the most favorable group, that of the ones who voted for the "change," 37 percent think that Felipe Gonzalez' image has deteriorated; as opposed to 23 percent who believe that it has improved, 37 percent who do not hold the one view or the other and 3 percent who made no statement.

The percentages are far more adverse for the prime minister among the other groups of voters. The most critical group is that of the Basque nationalists, among whom there are 66 percent noting a deterioration in the prime minister's image, followed by those who voted for UCD [Democratic Center Union] (61 percent), PCE [Spanish Communist Party]-PSUC [Unified Socialist Party of Catalonia (57 percent) and the Popular Coalition and CiU [Convergence and Unity], whose percentage (55) is the same. The disenchantment is shared by both the right, the center and the left. Only Adolfo Suarez' CDS [Social Democratic Center Party] disagrees, although the number in that group who think that there has been a deterioration in the image exceeds the average.

#### The Center's Annoyance

When the replies are grouped according to current voting intention, one can observe some surprises: among them, the change of attitude with respect to the group backing CDS.

Although Suarez' 1982 voters constitute the opposition group regarding Prime Minister Gonzalez' image with less apathy, Adolfo Suarez/ current "resources"

appear to be the group indicating a greater deterioration of the Socialist leader. This position coincides with the severe annoyance among center voters noted in the foregoing group, exceeding the displeasure that Felipe Gonzalez has evoked among the right wing voters. According to the poll, therefore, it was Leopoldo Calvo Sotelo who connected best with the opinion of the more moderate fringe of the electorate, upon dealing Gonzalez a harsh, brilliant dialectical chastisement. Suarez, on the other hand, repeated the harmony that he programmed at the beginning of this legislature, which by now has probably become obsolete for him.

After Suarez centrists, there is a very similar percentage associated with the observation of a deterioration in the prime minister on the part of the other opposition groups. Communists, left wing nationalists, Popular Coalition members, Reformists and right wing nationalists stand between 55 and 57 percent.

Even among those who intend to vote for PSOE in the next elections, there are 29 percent in whose view Felipe Gonzalez' image has deteriorated. Hence, his will be a vote "holding noses," as was recommended 10 years ago by Indro Montanelli with respect to the Italian Christian Democratic Party. That percentage exceeds the one of the Spaniards intending to vote Socialist who observe an improvement in the prime minister's image (27 percent); although the bulk of the future PSOE voters is found among those who note no change of image.

#### The Youth Are Not For Felipe

The group of responses based on work occupation shows that it is those working independently who most intensely detect a deterioration in Felipe Gonzalez. No fewer than 70 percent subscribe to that opinion.

Intermediate managers and business owners (the vast majority of the latter being small business owners, because they constitute 12.4 percent of those interviewed) are also very critical of the prime minister, who received appreciable support only among those categorized as "proletarians" (26.7 percent) among the individuals polled; in other words, in the least enlightened social group.

The analysis of the poll results based on age is most noteworthy. In a percentage considerably higher than that of the preceding generation, young Spaniards observe a deterioration in Felipe Gonzalez' image.

Among the men, that opinion is shared by 57 percent of single persons aged between 15 and 29 years; whereas only 42 percent of married persons 30 years old and over agree.

As for the women, 48 percent of the single ones between 15 and 29 years of age agree that Gonzalez has lost image; while only 39 percent of the married ones 30 years old and over agree with that view.

This particularly critical position on the part of the youth is confirmed when the responses of those polled (5.8 percent) who did not vote in 1982 because they had not reached the age of 18 are combined. In this group of new voters between ages 18 and 20 there are 49 percent who think that the prime minister of the government has lost image; as opposed to an average of 44 percent. Similarly, only 12 percent think that his image has improved, whereas the poll average is 16 percent.

Just as has occurred in France, the left has lost its attraction among the younger generation.

#### Technical Record

Sample: 1,036 individuals; environment: peninsular and Baleares Islands; universe: Spaniards aged 15 and over; interviews: personal, in the domiciles of those interviewed; selection: random, using the "random-route" method for selection of the household and the "Kish" method for that of the person interviewed; sampling points: 114 localities, distributed randomly after sampling stratification based on regions and habitat; field work: from 19 to 30 September 1985; margin of error:  $\pm 3.2$  percent, for a confidence level of 95.4 percent, and  $p = q = 50$  percent; institution responsible for the research: Gallup, Inc, Spanish member of the Gallup International Organization.

#### Key to Chart

1. The Figures on the Disenchantment
2. Between the period when Felipe Gonzalez made electoral promises and the period of his performance as prime minister of the government, how do you think his personal image has changed: has it deteriorated, has it improved, or neither the one nor the other?
3. Total sample
4. It has deteriorated
5. Very much
6. Much
7. Not very much
8. Don't know/no answer
9. It has improved
10. Neither the one nor the other
11. Voting intention
12. Will not vote
13. Communists
14. PSOE[Spanish Socialist Workers Party]
15. CDS[Social Democratic Center Party]
16. PRD-CG-UM [Democratic Reformist Party-Galician Coalition-(expansion unknown)]
17. Right wing nationalists
18. AP-PDP-PL [Popular Democratic Party-Liberal Party]
19. Others
20. No answer
21. Did not vote
22. Because of age

23. For other reasons	32. Middle managers
24. Party voted for in 1982	33. Business owner
25. AP-PDP [Popular Democratic Party]	34. Independently employed
26. UCD [Democratic Center Union]	35. Subordinate
27. PCE-PSUC [Unified Socialist Party of Catalonia]	36. Men
28. Catalonian nationalists	37. Single
29. Basque nationalists	38. Married
30. Occupation	39. From 15 to 29
31. Proletarian	40. 30 and over
	41. Women

## (1) LAS CIFRAS DEL DESENCANTO

POLITICAL

SPAIN

GALICIA'S AP MILITANTS DISAFFECTED FROM FRAGA

Madrid CAMBIO 16 in Spanish 28 Oct 85 pp 47, 48

[Text] When Jose Maria Gallardon arrived in Lugo, he was so dazed that he did not wish to see anyone. He refused several dining invitations and asked for a break to rest in his hotel room, in order to meditate on what had happened to him with the appointment as the one to prepare a record to explain the liability for the switch in AP's [Popular Alliance] provincial ticket. The rank and file in Lugo do not tolerate the coalition pacts planned by Fraga, Alzaga and Segurado. Before starting to question the instigators of the incident, he could not overcome the weakness of admitting: "I have no very clear idea of what is going on."

Nevertheless, many militants in his party had striven to warn the executive body of what was being plotted, and that the level of internal tension in the party was reaching a critical point.

Fraga sees his great opportunity in the Galician elections. The polls predict an absolute majority for Popular Coalition, and he wants to turn Galicia into his launching platform for the generals again. But his advisers complain that, with this obsession, he may only be concerned with developing his "loafing tactic," shaking hands and visiting towns, without heeding the grievances of extensive party sectors.

Manuel Fraga has complaints as well. He grumbles in private of how difficult it is to arrange candidacies in Galicia. "This is the only place where someone comes to see me and tells me: it doesn't matter to me if I am eighth, but just so long as so-and-so doesn't go ahead of me." These are the protests of local political bosses who want a share of power and greater representation than that of their immediate rivals. But now, the problem is more deep-seated.

AP's rank and file in Galicia do not understand the generosity of their party when it is time to give positions to its associates in the Popular Coalition candidacies, because they know that they are the ones with more money and more votes.

In the 1983 municipal elections, there had already been some complaints from AP members in La Coruna, who considered the concessions to the Christian

Democrats in the candidacies to have been excessive. Again, during recent months, protests were heard in various provinces, and were especially strong in Orense, where the inclusion of Victorino Nunez' followers, cut off from the Galician Coalition, occurred, as usual, at the cost of AP members' giving up positions on the tickets.

Fraga's personal intervention was required, and he publicly warned that "no one must attempt to look back, nor prevent the advancement toward the natural majority." The complaints were silenced, but the problem was not solved; and many identified Jose Luis Barreiro Rivas (the man who has accumulated the most power in Galicia) as the one really responsible. And the crisis was triggered against him.

Jose Luis Barreiro is a unique individual in Galician politics. In 1976, he had just finished political science and sociology courses in Madrid when, through an ad in the press, he attended a test to select personnel for an enterprise, which turned out to be AP. He joined as an Alliance employee in Vigo, and his promotion was impossible to deter. Today, at the age of 36, that unemployed man who had been seeking a job is the vice president of the Galician government, secretary general of the party and electoral proxy. He has some confidantes in the Galician executive branch (such as the members of the Councils on Territorial Organization and Labor), and he participates in all the major decisions of the Xunta of Galicia; while the president, Gerardo Fernandez Albor, confines himself to playing the role of institutional representative.

He has also achieved complete control of the AP organization in the province of Pontevedra. For all these reasons, for months important local leaders from the other three provinces have had one common goal: to clip his wings.

In the municipal elections, Barreiro had been AP's ruthless guardian. Marfany, PDP's [Popular Democratic Party] top-ranking leader in the province, had to rely on the then provincial head of the party, Maria Victoria Fernandez Espana, to obtain the advantageous pact which gave the Popular Democratic Party the presidency of the Chamber of Deputies and over half of the mayor's offices gained in the province by Popular Coalition.

Nevertheless, it was now AP-Galicia's secretary general who requested generosity of the party's provincial organizations in the granting of seats for consolidating the "new right."

Fraga wanted it that way, and AP granted its members nearly half of all the seats that the coalition would gain, including the heads of the list representing Lugo (for the independent, Antonio Roson) and Orense (for Victorino Nunez president of the Chamber of Deputies and leader of the Galicia centrists ejected by the Galician Coalition).

Starting then, the situation became very dangerous for the AP old guard. How could Barreiro be eliminated if his followers, along with those of PDP and CG, could create a new parliamentary majority after the elections?

The Chambers of Deputies allocate a large budget for the construction of runways, rural electrification and agricultural modernization; which turns them into the key agency for the consolidation of a network of power and influence in rural provinces which are disseminated as the Galician ones are. In Lugo, Francisco Cacharro Pardo had taken advantage of his 2 years as president to become the province's strong man, and he thought that, "anyone who goes beyond his limits, like Barreiro, must be put in his place."

The anger at Barreiro Rivas was widespread in the entire provincial Alliance apparatus, but in Villalba, the inclusion of Jose Maria Pardo Montero as a candidate, despite his having had the daring to militate in UCD [Democratic Center Union], and later in the Liberal Party, having been born in Fraga's town, was especially serious. Barreiro suffered a standing-up in Lugo. After waiting several hours, he had to continue traveling to Orense, fearing the worst. In Orense, after having been pushed around and booed, he managed to have the official ticket submitted, but the next day he had breakfast with the news that they had taken a shot at him by exchanging Pardo Montero for another member of the Liberal Party in Lugo.

The last day of the period for submitting candidacies, while Ruiz Gallardon was meditating in Lugo on how to begin an impossible record, he managed to see AP's staff in the province of Lugo, accompanied by the Agricultural Council member, smiling, along with the court, ready to submit an independent candidacy backed by 6,000 signatures, in the event that, at the last minute, Barreiro might succeed in nullifying the previous one.

2909  
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POLITICAL

SPAIN

FRAGA, SENSING PSOE VULNERABILITY, APPEALS TO CENTER

Madrid EPOCA in Spanish 28 Oct 85 pp 12-18

[Text] Fraga learned about it a few days before the debate: Spanish bankers were looking for a Spanish-style Cavaco to dynamite Felipist Socialism. The conditions were present. The prime minister has been dropped to the lowest levels of popularity since he moved to La Moncloa, and Portugal has proven that 3 months suffice to contrive a winning "poster." This is certain: he must emerge from the center. The left is not vulnerable to the right alone.

Then the agitation was organized. Very few persons had access to the head of the opposition while the weapons of the debate were concealed. The tactic was devised in front of a blackboard. First point: the AP [Popular Alliance] polls predict that the Socialists will suffer a loss of nearly 3 million votes. Use this as a slogan. Second point: the 5.5 million Fraga voters will not change their support in the next elections. Third point: the disappearance of UCD [Democratic Center Union] has released 1.5 million committed to the former center. Corollary: gain a million former UCD votes and half a million repentant instigators of change, and the tie with Felipe will have been won; and exceeding him in the number of seats. End of reasoning, end of predictions and, theoretically, end of PSOE's supremacy.

The Center's Search

This time, the prime minister fared badly. It was an imitation of the strategy which, in the last state of the nation debate, had brought him such great benefit: a first weak, feeble speech, so as to gore Fraga in the rebuttal. That is what happened last year. The opposition leader "thought" that Felipe was "groggy," and leaped out of his seat like a howitzer, ready to put him out of action. That overwhelming Fraga, on the attack, enraged, was later overturned, with a beating, by a suddenly recovered head of government. Once again, moderation gracefully prevailed over fury. And, in the end, that was the image which became known.

This year, however, Fraga was on the alert. At the last minute, Guerra arranged for television to rerun the debate directly, so that Fraga's unbecoming demeanor would again inundate Spanish households with the anticipated vehemence. But no. As Don Manuel's discourse was based on moderation, inside and out, the

vice prime minister's face became more pale. It was inevitable. Guerra shrouded himself in the nervous habit of looking sideways at the cameras, frightened by the unintended favor which he had, without wishing to, paid to his adversaries.

#### **Victory in the Points**

Fraga was approaching the center, ready to occupy it and to defend it by dint of Versailles-like restraint. And judging from the comments from some leading Socialists, he succeeded in doing so. The radar detected particularly significant long faces (at times accompanied by vague comments about Felipe's parliamentary role), on men such as Fernandez Marugan, Martin Toval, Miguel Angel Martinez, Enrique Baron or Nicolas Redondo. Except for the latter, none of the others would have dared, a few months ago, to criticize the (now declining) aplomb of the government's prime minister. Apparently, things have changed.

However, Fraga's outstanding achievement did not consist of defeating his adversary on points (something that he achieved by a tight margin); but rather, primarily, moving his political message toward the center. He thereby succeeded with the arguments which, quite logically, would later be used by Roca or Suarez and, abruptly, sent an unequivocal message to the bankers: "I am the center; I am in the center; and I shall win in the center." In short: "I am Cavaco." Galicia could prove him right.

#### **Felipe, Without Reflexes**

Further evidence that Felipe was not expecting this reaction (and, moreover, further evidence of the very bad state of his reflexes), was shown when no change was made, immediately, in the intention of playing the "simultaneous game" with the other spokesmen. It was a logical decision if the right had behaved as such. In that case, depriving the centrist options of favorable treatment would have been consistent. It is not in his interest to "give an advantage" to moderate politicians, because he knows that, sooner or later, defeat will come to him from that area. Nevertheless, he allowed Fraga to take over the center and, instead of reinforcing all those vying to control the same enclave (so as to divide votes and sympathies), he made a hasty effort of vague, overall sprucing up: bad business.

Hence, it is obvious that the polite staging of the debate was not based (as had been claimed) on the pact signed a few days before by Fraga and Felipe. They didn't go that far. The "bittersweet perfume of consensus" was reflected in something else: NATO. It is (how did they define it?) an "implicit pact." That was the exact comment: "off the record," of course; and yet it was revealing. Felipe wants to escape from the referendum, but he knows that in order to achieve this, he needs the strategic backing of the oppos'. If they provoke him, if they hurl constant challenges at him, the invocation of the referendum will be unavoidable; and hence the end result will be left in the air, without any possible guarantee. Fraga realizes this, and for that reason he has at all times avoided any reference to the popular consultation. That

was the pact: ignore it, forget that a formal promise from the prime minister exists; go on tiptoe, without making noise, until Felipe eventually hits upon a convincing method for avoiding the danger. And, for the present, he has only two: either early elections or dissolution of the Canaries Parliament (the situation with Pujol seems to have been rejected although, if they try him, there might be a sudden surprise).

#### Goal: To Renegotiate

Furthermore, the NATO pact could have an extension that has not been confirmed. The conditions under which Spain has signed for its entry into the European Economic Community can obviously, most likely, be improved. It is virtually certain that they can. But they can be renegotiated; and that is the key point. Fraga does not disapprove of the government's prime minister using the trick of not calling for the referendum in dealing with the European governments, if, in return, he procures better terms at the time of joining. Nevertheless, there is no indication that the Socialists have accepted the help offered by the right. In any event, there are only a few signs.

For days, AP has had a bulging portfolio containing documentation regarding the Community terms negotiated by the government. There is sufficient material to use as a weapon to be hurled at the government. Nevertheless, despite the virtually unanimous advice from his aides, Fraga refused to be severe about this point in the parliamentary debate. It may possibly be a sign. Some deputies from the Popular Coalition itself insist upon interpreting that sign as a tactical move to withhold those arguments until later, when it is time to submit the motion for censure. It is possible, but it doesn't seem likely. On the other hand, Fraga appears determined to prevent the motion. He has already ignored the siren songs advising him to submit it shortly before Holy Week, when the conditions seemed to be propitious. Events proved him to be right. PSOE has grown in the face of adversity. After that date, a certain revival started to be detected in the popularity curve of the government and the prime minister. They managed to emerge unscathed, and even reinforced, from the Flick scandal, the offensive against the judges and the difficulties in joining the Common Market (three of the major conflicts which, at that time, appeared to have taken Felipe to the ropes).

#### The Referendum Is Still Possible

Today, the situation is different, Felipe Gonzalez is undergoing some low periods and he is facing the enormous challenge of resolving the difficult matter of the referendum.

It is true that his image will suffer in any event. Upon calling for it, he has the obligation of appearing as an Atlantist convert, and requesting the vote to remain: a very high price. The votes from the left could lead a stampede (Adolfo Suarez knows this, and wishes it). On the other hand, not calling for it would extend the list of unkept promises: in any case, a lesser evil; but it is not certain, and the right knows that.

The theory is very clearcut: If Fraga engages in a campaign favoring abstention, he will succeed, with the aid of the general apathy, in making participation ridiculous. So the referendum (as Felipe himself has taken the trouble to remind people) would not be binding. And yet it is not that simple. New information: The European governments are pressuring Fraga. Leaving the referendum in the hands of the left would be tantamount to losing it and, under those conditions, the alibi of meager participation, it loses value. NATO (and the threat has been heard already in certain European dispatches) could even reject Spain's continuation in the Alliance. Hence, it is virtually certain that Fraga would have no recourse other than to engage in the campaign along with the prime minister. And, in that case, there would be a maximum danger. The right could ensure a high degree of participation, but not victory. The damage would be serious. It is in these terms that "the implicit pact" between the government and the opposition has been developed. No one wants the referendum and, in the long run, that is the best guarantee for wagering in favor of its not being convoked.

2909

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POLITICAL

TURKEY

EGYPTAIR HIJACKING LINKED TO U.S. POLICY

HC020740 Istanbul GUNAYDIN in Turkish 26 Nov 85 p 3

[Editorial: "What Business Have You There?"]

[Text] Egypt has now become involved in the terrorist activities that derive from the strained relations in the Middle East. The Egyptians, who lost their importance in the Arab world after signing a bilateral peace accord with Israel, are now suffering from an "identity crisis". They see their country as a "U.S. colony." It is only natural that such a situation would give birth to an organization known as the "Egyptian revolution."

The U.S. "peace policy" in the Middle East is gradually leading to a "crisis policy." It is quite logical that the Egyptian guerrillas' bloody aggression should be linked to this crisis policy.

What business has the United States in the Middle East? Its entire policy is based upon support for Israel's state terrorism and upon its desire to uphold Israel. All of the Middle East might be in flames, but this wouldn't worry it provided that nothing happened to Israel.

Turkey has the right to have a say in the Middle East. Our country has historical ties with the region, and obtains its oil there.

France, Germany and even Japan might have relations with the Middle East, because they, too, depend on the region for their oil. But the United States has no connection with Middle East oil. By poking its nose in Middle Eastern affairs from thousands of kilometers away, it simply creates danger, not only for Turkey and states in the region, but for all of Europe.

The United States is not a part of the region, in any event. It is far from the scene of disaster; the conflagration does not affect it.

As long as the present situation prevails in the Middle East and as long as the United States is a source of provocation, many more planes will be hijacked and many more innocent men, women and children will perish.

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CSO: 3554/26

POLITICAL

TURKEY

TCP PROTESTS COOPERATION WITH U.S.

TA091220 (Clandestine) Voice of the Turkish Communist Party in Turkish  
1800 GMT 8 Dec 85

[Appeal to the people by the Turkish Communist Party Central Committee:  
"The United States and the Dictatorship Must Be Stopped"]

[Text] Citizens, as the Evren-Ozal dictatorship is weakening and losing control of the reins, it is complying with all the wishes of the U.S. imperialists in order to remain standing and prolong its life. Just like the nouveau riche millionaires on the verge of bankruptcy, it is mortgaging everything our country still owns to the United States. Now, if the Defense and Economic Cooperation Agreement [DECA], on which talks are continuing with the United States, is extended, the entire future of our country will be abandoned to the mercy of the Reagan administration.

What does the United States want? What is it seeking? Its attention is focused on the Middle East, where our country is situated. The Reagan administration is trying to increase its military and political presence in the Middle East. In this way it aims at controlling the rich oil reserves in the area and obtaining new bases to be used in an attack against the Soviet Union. To achieve these aims, the United States is continuously escalating tension in our region and engaging in warmongering.

What is Turkey's position in U.S. eyes? Our people must know the answer to this question well. The Reagan administration wants to cast Turkey in a much more dangerous role than the one accorded to Iran under the shah's rule. It wants Turkey to be its protecting gendarme and outpost in the region. It is not even satisfied with this. In U.S. eyes, Turkey is an arena to be used to launch a first strike in a limited or general nuclear war. In other words, a nuclear war will begin in our country [words indistinct] the Soviet Union. Under such circumstances, Turkey will be the first country to be annihilated in a nuclear hell. The other leading NATO countries have agreed with the United States on the annihilation of Turkey in order to keep the first strike out of their countries. Even the U.S. press openly states this fact. Furthermore, the Ozal government was forced to admit this. The government discloses that the U.S. and NATO bases on our soil and the nuclear weapons on these bases endanger Turkey--for the sake of a few more dollars from the United States--and in

proportion to this risk, the United States should extend more money and armament to Turkey. This is an open admission of the circle of fire our country is being dragged into. It is also an open declaration of the country's betrayal by the Evren-Ozal regime. Every patriot must ask this regime, this government, which is willing to sell our people's right to live for a few dollars, to account for this admission. Our people's lives cannot be sold for money.

What does the Evren-Ozal dictatorship want? What is it striving for? It wants to remain in power until at least 1988. Our people, on the other hand, are becoming increasingly discontent and want to attain democracy as soon as possible. The democratic opposition is expanding and becoming more active. The economic situation is rapidly deteriorating. Under these circumstances, there is only one way for the dictatorship to achieve its goal. This consists of guaranteeing that a handful of rich monopolists, profiteers, and plunderers who are the chief domestic supporters of the dictatorship, makes even larger profits. To achieve this, the dictatorship must find enough foreign loans to ensure the functioning of the economy. This can be done by complying with all the wishes of the United States. Even if the new loans secured through high interest rates increase the burden of the foreign debt on our people to a point where it cannot be repaid, this is of no concern for the dictatorship, because it is the people's enemy.

Who do our people want? Unemployment and dismissals are rapidly increasing, the cost of living is rising continuously, the peasants are suffering, infectious diseases are spreading, and people are hungry. All this is driving our people to desperation. What do we need most, bread or weapons? If you heed Reagan, Evren, or Ozal, we need more and more weapons. To this end, they want to deploy new U.S. missiles and NATO weapons on our soil.

Country-wide efforts are being made to set up arms factories rather than installations that will produce the necessary equipment and machinery and will provide new jobs. The exploitative foreign arms monopolies are making preparations to settle in Turkey in a bid to establish weapons assembly lines. The Koc, Profilo, and other such holding companies, attracted by prospective profits, are making the necessary arrangements in order to cooperate with these merchants of death. Numerous generals and high officials are already dreaming of new payoffs and commissions to be realized from this.

In line with these preparations, last efforts are being made in order to transfer the KIT's [Public Economic Enterprises] to foreign monopolies. Trampling upon the principle of press ethics, newspapers owned by various monopolies, are trying to present these treacherous steps in a positive light in a bid to deceive our people.

The planned arms industry is not aimed at national interests or the modernization of the armed forces. As if all this were not enough, taxes paid by the rich are being reduced while new taxes are levied to establish a fund for the arms industry on our people, who are afflicted by continual price rises and heavy taxes.

Citizens, it must be realized that the situation has reached intolerable dimensions. Another regressive step means falling into an abyss. Either the U.S. interference in our economic, political, and military affairs will be eliminated, its increasing presence in various areas of our country stopped, and an end put to the U.S. and dictatorial reign in our country, or we will all fall into the abyss. All other possibilities have been exhausted.

The first mission to be accomplished is to prevent the extension of the DCA. This is the urgent task of all national and patriotic forces, except for a handful of collaborators. Contrary to the rumors that the DCA has been automatically extended for another year, it is most probable that it will be dissolved. We, as the Turkish Communist Party [TCP], are convinced that those who undersign for the extension of the DCA will in the end be tried for treachery.

Progressive policies aside, today there is not even a sign of the foreign policies pursued during the Ataturk period. Currently, Turkey has no national security policy based on national interests for safeguarding national sovereignty. Instead of following a policy which safeguards the people's security, the regime in power in our country is pursuing the policies of assisting U.S. imperialist interests, becoming its gendarme in the area, and serving its aspirations of establishing a global hegemony. Together with its domestic and foreign policies as well as its armed forces, the country has been transformed into a U.S. satellite.

The United States is able to overthrow any government if it so desires and to use our soil as an aggressive base against other countries without the knowledge of the governments and Turkish officers. The United States used the Incirlik airbase in Adana for an aggression against Iran in 1980 and against Lebanon in 1983. The example of the U-2 [U.S. spy plane shot down by the Soviet Union] incident is still recalled.

Turkey's foreign policies must be modified fundamentally. A dignified, peaceful, and stable foreign policy based on good-neighborly relations is what our people and every citizen who sees his future in this land aspires to. Every effort must be exerted to achieve this aspiration. Turkey must discard its subservient, uniform, and subdued foreign policies and must take its equitable and dignified place among the peoples of the world. If this is not achieved Turkey cannot have a place in world trade relations based on equal rights in order that it might attain economic independence and liberate itself from the exploitation of the foreign monopolies and IMF directives.

A fascist regime which does not safeguard its own national interests and which subjects its own population to heavy exploitation and oppression will never attract the respect and friendship of the world countries. A country where the peace committee members, trade union officials, and communist party members are prosecuted will never have a respectable place among the world nations.

Citizens, it is no easy task to put an end to U.S. imperialism under the conditions of dictatorship. No decisive and lasting result can be attained until all national and democratic forces are united and our people are mobilized against the United States and the dictatorship reigning in the country. The hesitations and uncertainties among the democratic opposition will only serve the dictatorship's interests.

From their viewpoint the legal opposition parties may be right in waiting for the Ozal Government to get weaker. However, it is the people who are getting weaker. Our country has no time to waste. The will to end the dictatorship, to topple this government, and to establish democracy should be expressed jointly and with determination. Our people will support the forces that express this will with determination.

The chances of realizing a turn for the better on the international scene have increased with the Soviet-U.S. summit held in Geneva as a result of the continuous peace efforts exerted by the Soviet Union and the other socialist countries throughout the world. If the opposition in our country adopts a determined and joint stand in favor of peace and democracy then our people can also benefit from these possibilities. The dictatorship has resorted to the myth of a Soviet threat and the dangers of communism, secessionism, and fanaticism in a bid to divide the forces of democracy, to sow the seeds of dissent between the leftist forces and the other forces of opposition, and to cause hesitation in the ranks of the democratic opposition. The forces of the opposition should not heed these lies. An end should be put to these myths. We do not ask anyone to change their views. We maintain that policies based on realities and not demagogic are necessary. Only realistic policies can put an end to the dictatorship and permit the establishment of a democracy. If the future democracy is based on the expression of differing political views in accordance with the realities and the interests of our people and our country then it can fulfill our expectations.

Democracy, peace, and tranquility cannot reign in our country so long as the communists, socialists, progressives, patriots, and Kurdish democrats are being prosecuted and are rotting in prisons. Nor can national security be ensured. Because without the contribution of these forces the U.S. hegemony and the dictatorship cannot be eradicated. Therefore, all the forces in favor of democracy should adopt a determined stand for a general, unlimited, and unconditional amnesty which will secure the release of all political prisoners. Such a stand will also foil the dictatorship's maneuvers to divide the democratic opposition.

Workers; peasants; Turkish and Kurdish toilers; patriotic intellectuals; youths; women; unemployed citizens; progressive and patriotic officers and soldiers; progressive political prisoners; political refugees; our brethren who have been forced to work abroad; everyone who is in favor of peace, democracy, and the independence of our country: We have never been closer to danger. The future of our country and our people is being threatened. We are losing time. We should waste no more time. The extension of the defense cooperation agreement, which is our death sentence, should be prevented. An end should be put to U.S. interference in our domestic affairs. Our people and not the United States should be the masters of our country. We should determine our own future. Our people need work, bread and freedom instead of arms. All the forces should mobilize for a general political amnesty and against unemployment, lay offs, and the high cost of living. Factories, unions, schools, work sites, coffee houses, mosques, and the barracks should become the centers of this mobilization. Honest intellectuals and journalists should increase their efforts to inform the people of the realities. There is a lot that can be accomplished by every individual. The United States and the dictatorship should be stopped. The enemies of the people should be defeated. The communists will risk every sacrifice to this end.

[Signed] The Turkish Communist Party Central Committee

/9738

CSO: 3554/23

POLITICAL

TURKEY

**TURKISH COMMUNISTS CALL FOR SOLIDARITY WITH PALESTINIANS**

TA291121 (Clandestine) Voice of the Turkish Communist Party in Turkish  
0500 GMT 29 Nov 85

[Appeal by Turkish Communist Party Central Committee on 28 November]

[Text] Let us heighten our solidarity with the Palestinian people. Citizens, while the Evren-Ozal dictatorship is developing its military ties with reactionary Arab regimes in the Near and Middle East, and while intensive activities are under way to expand the relations between Turkey and Israel, the Israeli Administration is conducting a massive massacre operation against the Palestinian people in the occupied Arab territories. Hundreds of Palestinians were arrested and 36 persons were tortured to death as a result of this operation, called the iron-fist operation, and collective punishments are still continuing. Moreover, distinguished persons, including doctors and various other professionals educated by the Palestinians are being demolished and Palestinians are being hunted on the streets.

The Turkish Communist Party [TCP] vehemently condemns this iron-fist operation. These massive pressures, massacres, and acts of terror directed by Israel against the Palestinian people living in the occupied territories must be stopped immediately. On 29 November, the international day of solidarity with the Palestinian people, the TCP calls on all patriotic, democratic, and peace-loving forces to enhance their solidarity with the Palestinian people through the following demands: Israel's bloody operations and acts of terror must be stopped; arbitrary detentions, tortures, and deportations must end; massive pressures, collective punishments, murders, and demolition of houses must cease; Turkish-Israeli relations must be severed until Israel withdraws from the Arab territories it occupied in 1967; and the support accorded by the Evren-Ozal dictatorship to the talks which exclude the Palestinians and disregard the Palestinian people's right to establish a state and their other legitimate rights must be withdrawn.

/9738  
CSO: 3554/23

MILITARY

EUROPEAN AFFAIRS

#### SWISS, SWEDISH ARMED NEUTRALITY COMPARED

Stockholm CONTRA in Swedish No 3, 1985 p 21

[Article by Bjorn Arrhen: "Neutrality Defense"]

[Text] No word has been more misused than the word neutrality. A neutralized state is a state which obligates itself by binding treaties with other states to take a neutral position in the event of war and which has had this permanent neutrality recognized by other treaty states. Switzerland is such a state. The little Confederation republic obtained already at the Congress of Vienna "sacred guarantees" from the participating states in regard to permanent neutrality.

Belgium and Luxemburg were guaranteed permanent neutrality by Europe's great powers by international treaty (1831, 1867 and later). The German Empire was one of these powers. At the outbreak of World War I in 1914 Germany brutally violated Belgium's and Luxemburg's neutrality by militarily occupying the two states. The German chancellor, Bethmann-Hollweg, stated cynically that the guarantee of Belgian neutrality was merely a scrap of paper.

World War II dealt the coup de grace to the concept of neutrality. The warring great powers, Hitler Germany and the Soviet Union, disregarded all the treaties to which they were a part--Belgium, Holland, Luxemburg, Denmark, Norway and the three Baltic countries were conquered and occupied by hostile armies. Six states succeeded in maintaining neutrality--Sweden, Spain, Ireland, Portugal, Turkey and Switzerland. Spain and Portugal were successful because of their geographic situation. Finland escaped Soviet domination by heroic defense of its territory. Sweden and Switzerland were regarded by the warring powers as without strategic value.

#### Plans to Attack Sweden and Switzerland

Plans to occupy Sweden and Switzerland were part of the strategy of the German general staff. The code name for Switzerland was "Operation Tannenbaum" and for Sweden "Operation Nord". A number of circumstances spared the two states from military action.

The Allies also had plans to attack the two neutral states. Great Britain was ready to occupy North Norway and to annex the Swedish iron ore area and to establish lines of communications through Sweden to help the Soviet Union via

Finland. Already at the beginning of the war England occupied the Danish island Iceland. Defense of the important, strategic island was later taken over by the United States. After the landing on the Italian mainland the Allies were ready to march north to attack Germany through neutral Switzerland. The operation was never carried out since Switzerland declared that any attempts by an aggressor to enter the country would be met with military force. After the fall of Paris the Germans came across a plan to attack neutral Switzerland. The objective was to occupy quickly the southwest portion of the country including Basel and to open up a new front against Germany. Neither did this plan come to fruition.

Will neutrality be respected in a coming war? The experiences from the two world wars are negative. The Swiss know that the only thing which can deter a foreign power from attacking and occupying the country is a strong defense. We Swedes don't understand this.

#### Swiss Defense

Already at the beginning of the century the Swiss Confederation began to build up its defenses. Tunnels and bunkers are to be found today spread around the Alps. The underground defense system consists of over 6,000 fortified entities, which cost 30 billion francs to build. Strengthening the defense lines goes on unceasingly.

Every Swiss man between 20 and 50 is liable for military service. An indication of the people's love of country and loyalty is that each conscript has his uniform and weapons in his home. The country can mobilize 650,000 men in 48 hours. The whole country stands united behind the armed forces. Semi-military organizations and civil defense stand ready to fulfill their duties within the framework of total defense.

The armed forces cost 3 billion francs a year. The army has 2,000 heavy and light tanks, 1,500 pieces of artillery guns and guided missile batteries, and 2,000 antitank weapons. The air force consists of 200 attack planes (Hawker), 70 fighters (Mirage III), 80 Northrop F-5E and 75 F-SE. In addition there are about 100 American fighter helicopters.

The technical equipment is first class. Electronic weapon systems are manufactured in the country which has a well-developed weapons industry.

"Our defense strategy is a determined and long defensive struggle against any enemy which violates our neutrality. We shall fight for each meter of our country, and we do not count on outside help. The whole people stand united when our freedom is at stake."

Defense is not a party question in Switzerland, as it is in our country where disagreement is characteristic. Not even the serious violations by Soviet submarines have succeeded in uniting the socialist and nonsocialist parties in the defense question. The Social Democratic party with support from the Communists is deliberately trying to cut defense expenditures in opposition to the argument of the command-in-chief and against the will of the majority of the Swedish people.

In contrast to Sweden, where the responsible authorities, the mass media and a large portion of the people naively rely upon Swedish neutrality, Switzerland has another view. "We belong to the West. We don't believe we can maintain our neutrality in a new war. We are not defenseless in an international crisis, and in good time we shall be on the right side."

The Swedish people are poorly informed as to how bad the situation is in the defense setup, where successive disarmament has gone on for a long time--the fleet has been scraped (there are not enough ships today to guard our coast). The air force will lose several wings in a few years, the army is being forced to cancel refresher courses because of the lack of money. It is being proposed that compulsory military service be reduced from 47 to 40 years, according to a proposal by the defense minister who has also hinted at further limitations of regiments in the peacetime organization.

One cannot rely upon neutrality. It is no longer "sacred."

6893/7051  
CSO: 8150/0278

MILITARY

FINLAND

#### FIRST MODERN SEA RESCUE HELICOPTER ACQUIRED

Helsinki HELSINGIN SANOMAT in Finnish 20 Nov 85 p 13

[Article: "Turku's Border Patrol Flight Squadron Gets a New Rescue Helicopter"]

[Text] The Turku border patrol flight squadron of the Border Guard is the first in Finland to receive for its use a new type of rescue helicopter. The helicopter, named Augusta Bell, is especially equipped for sea rescue missions. It has, for example, up-to-date locator systems. The pilots say they have now acquired for their use "the first modern rescue helicopter."

The new helicopter finally raises the flight squadron's departure readiness to the level required by the rescue tasks. In addition to the rescue tasks the machine will be used for the usual scouting flights and the transportation of the ill as well as for training pilots.

"We now have the departure readiness appropriate for different situations. Depending on the task we could leave for the task either with the large Mi-8 or with this lighter Augusta Bell," says the patrol flight squadron chief, major Raimo Munukka.

The Finnish rescue helicopters are concentrated in Turku. The patrol flight squadron has used three large Soviet Mi-8 helicopters, plus a small five seat Jet Ranger copter for its various rescue tasks. In addition the squadron has two airplanes.

The small copter, however, is not adequate for more demanding rescue tasks than transporting the sick and thus the new Augusta Bell 412-type helicopter acquired from Italy improves considerably the possibilities for action during rescue tasks.

#### Machine Has an Excellent Guidance System

The new helicopter transports easily, in addition to its four man crew, seven persons on a rescue flight. The machine alternately has room for three stretcher patients.

The helicopter has a good color radar outfit, three separate locator systems, and, if required, one can also always take along an infrared camera. The two engine helicopter can also fly and hover with only one engine. Attached to the machine's tubular landing gear are floats that are triggered automatically in emergency landings. "With them," according to major Munukka, "this kind of helicopter once floated on the Gulf of Bothnia for seven days."

Wheeled landing gear are, according to the pilots, better than the tubular ones in turning on land; also the new helicopter does not have ice prevention equipment, nor automatic hovering devices. But the men end their discussion of these faults by saying that "the world's best helicopter has not even been built yet." The new machine type, however, does not replace the middle-weight Mi-8, precisely because of its lack of ice prevention equipment.

In place of that the machine has a complete flight instrument package and can thus fly over the open sea even under bad conditions as well as the larger Mi-8.

The leaders of the squadron are pleased with the newcomer; a small one-engine copter had been a shaky contraption on the open sea, but on the other hand the heavy 15-seat Mi-8 is an unnecessarily clumsy vehicle when the task is the fishing of only one or two people out of the sea. The small copter will remain in use, for example for ordinary patient transportation.

#### New Helicopters Will Be Ordered Soon

The Turku border patrol flight squadron operates in sea rescue tasks throughout the nation's maritime areas. The new helicopter can reach from Turku half way to Visby, Merikarvia or east of Porvoo in 1 hour. The travel speed of the machine is 210 kilometers per hour and operating time is 3 hours.

The helicopter cost nearly 15 million. The Border Guard still has the authority to order 100 million markkas worth of new helicopters for this year. The older Mi-8 rescue helicopter will be completely overhauled in little over a year, after which it will be transferred to the defensive forces.

The Mi-8's will be replaced by the new medium weight rescue helicopters. The chief of the Border Guard's flight office, lieutenant colonel Martti Pakarinen, estimated that the decision to order would be made in mid-December.

At this juncture three machines will be ordered; two medium heavy ones and one Augusta Bell. The machine is intended to be placed in Helsinki. Turku will get another similar one later.

According to Pakarinen Finnish sea rescue readiness requires three medium heavy and three lighter rescue helicopters. As possible replacements for the Mi-8's some medium weight helicopters now being considered include the English Sea King, the Italian Sikorsky and the French Super Puma.

12989/12379  
CSO: 3617/37

MILITARY

ITALY

BRIEFS

NEW MILITARY APPOINTMENTS--There have been changes to the composition of the head of the Italian Armed Forces. The new Chief of Staff is General Riccardo Bisogniero who replaces Gen Lamberto Bartolucci. The new general commander of the Carabinieri is Gen Roberto Jucci. The new commander-in-chief of the naval squadron is Sergio Majoli. The appointments were made at today's cabinet meeting. [Excerpt] [Rome International Service in Italian 1555 GMT 29 Nov LD] 12624

CSO: 3528/37

MILITARY

SWEDEN

NAVAL OFFICERS RETAIN VIEW ON INADEQUACY OF ANTISUB EFFORT

Navy's Commander 'Understands Frustration'

Stockholm SVENSKA DAGBLADET in Swedish 25 Oct 85 p 6

[Article by Lars Christiansson: "Critics Stand Fast"]

[Text] Following a conversation he and Captain Goran Frisk had recently with Naval Commandant Bengt Schuback, Captain Hans von Hofsten maintains his negative opinion of the willingness of the politicians to evaluate accurately the submarine threat in the Baltic.

Von Hofsten has not changed his opinion since the conversation he and Goran Frisk had with the naval commandant, who summoned them both to his office. Goran Frisk declined to make any statements following his meeting with the naval commandant. Frisk said that he had already said everything that he had to say. Von Hofsten, who declined to remark on the actual conversation with Schuback, did consent to make the following comments to SVENSKA DAGBLADET:

"The government's statements give one the impression that they do not quite know how substantial the various submarine violation reports are. Another interpretation would be that the government is taking the reports very casually.

"How else can we interpret the fact that the Prime Minister did not bother to inform himself of the current state of the situation before he formulated his remarks in his government report?

"Several of the reports on foreign submarines were already months old by 1 October," von Hofsten said.

No Reprimands

Naval Commandant Bengt Schuback stated to SVENSKA DAGBLADET before the talk with the two captains that he did not intend to issue them any kind of formal reprimand:

"The basis for my view of the situation is that it affects freedom of speech. Put that way, it becomes acceptable. I think that it is good if Swedish

officers, from a professional point of view, have thoughts and make statements on the tactical and strategic issues connected with maneuvers in the Baltic. "On the other hand, I am definitely opposed to having officers make statements which touch upon our relations with foreign powers. There is a difference between mentioning our relations with a foreign power and talking about matters which lie within the area of their professional competence. There I would definitely draw the line. I will explain that to them. On the other hand, I will grant them the freedom to criticize me if, for example, they think there have been too many delays in getting reinforcements for our antisubmarine efforts."

"Has Gone On For Too Long"

Schuback emphasized to SVENSKA DAGBLADET that he thinks that the two naval officers have gone too far in their statements when they expressed their opinions in an area which the naval commandant thinks should be handled by the politicians and the Ministry of Foreign Affairs. He further explained that his intention in summoning the two officer was to "have a conversation with them" and explain how he himself saw the situation and the consequences of what they had said. They might not be fully aware of the great work that is being done in the navy to reinforce our antisubmarine efforts.

Understands Frustration

At the same time, Schuback said that he understands the frustration the naval officers feel at the fact that we have yet to successfully force a submarine up to the surface, and that this hard labor that they do without any "recognizable result" can lead to carelessness.

The naval commandant's conception of the specific question which brought the argument into existence, namely, the reason behind the US and NATO maneuvers in the Baltic, involving, among other things, the battleship "Iowa," is that this is a part of an activity that both superpowers are carrying out in the Baltic in order to demonstrate the strategic importance of northern Europe. He thinks that the submarine violations against Sweden and the Swedish incapacity to stop them has no special significance for the increased naval activity in the area.

At the same time, he emphasizes that it is "definitely in our Swedish interest to maintain the Baltic as a free sea, and it is good to have as many nations as possible show their presence in the Baltic, in order to demonstrate that the Baltic is in actuality a free sea."

PHOTO CAPTION [photo not reproduced]

Captain Hans von Hofsten arrives at the naval office. Together with Captain Goran Frisk, he was summoned to have a "talk" with Naval Commandant Bengt Schuback.

7 January 1986

Stockholm SVENSKA DAGBLADET in Swedish 25 Oct 85 p 6

[Article by Erik Liden: "Interrogation Was an Overreaction"]

[Text] The general reaction to Naval Commandant Bengt Schuback's "talk" with Captains Goran Frisk and Hans von Hofsten, among members of the Riksdag at all levels, as well as in the Defense Department as well, has been one of surprise.

"It was clearly an overreaction, to call in two junior officers for a conversation which will be seen as an interrogation," said Carl Bildt (Conservative). "The defense chief of staff, Bror Stefenson, also reacted too strongly, when he published in a SVENSKA DAGBLADET insert his private opinions of Captain Frisk's statement on the 'Iowa' shooting. I consider Frisk a highly competent naval officer."

In the Defense Department, many think that the argument among the military leaders, over the naval officers' conception of the significance to our security policy of the "Iowa" maneuvers in the Baltic, is a tempest in a teapot. Freedom of speech, even in sensitive matters, is the rule in Sweden.

"I will not make any detailed comments," said Secretary of State Per Borg. "The military leadership ought to handle, and can handle, these questions, without our getting involved."

The accusations by Captain von Hofsten, that Prime Minister Olof Palme stated lies in his governmental statement to the Riksdag on 1 October, were repudiated by the cabinet ministers.

"Olof Palme did not know the content of the Military High Command report on violations, which was delivered to the government on 17 October. Nor can one interpret the government statement as saying that all violations have stopped," said Olof Palme's press secretary, Soren Thunell. "No nation in the world can promise to provide complete border control."

Marine Commandant Bengt Schuback supported, with emphasis, the freedom of speech of individual officers, but stressed that statements of political import could damage Sweden's security policy. He declined to comment officially on the exchange of opinions with Captains von Hofsten and Frisk, but did say that the conversation was carried out in a friendly atmosphere.

#### 'Chasing' Versus 'Defending Against' Submarines

Stockholm DAGENS NYHETER in Swedish 27 Oct 85 p 2

[Editorial: "Navy Men Murmur"]

[Text] In all organizations, you hear murmurings about the boss and complaints about poor equipment. In that regard, the skirmishes between a couple of Navy men and their bosses concerning the continued submarine violations are not

particularly noteworthy. But this current exchange of opinions does bring some important questions to the forefront.

The first has to do with freedom of speech. Is it reasonable that a pair of naval officers in the field, in their capacity as professionals, should air their thoughts on how the superpowers see our strategic position? In several of their statements, it has been said that the Swedish bastion has begun to crumble, and that NATO cannot remain sitting with its arms folded, or else it will wake up one morning and find that the Soviet base in Kaliningrad has been moved west to Karlskrona!

No, it will not come to that, says Naval Commandant Bengt Schuback, and calls in the officers "for a conversation." He thinks that our relationship to foreign powers is "none of your business, as professional officers," while saying in the next moment that he himself is highly responsible for what is said in the navy; and then he insists that we have freedom of speech here in Sweden.

That means: the officers can talk, but should not do it in certain specific contexts. The situation is hardly unequivocal. Government officials do have their freedom to express themselves, but they should consider the demands of security, just as others must. Rules of "discretion" can be found, for example, in collective contracts on the private market. The problem seldom results in crisis; people discuss the matter instead of pursuing it more formally--perhaps in the courts.

Spokesman for the opposition Carl Bildt calls the boss's attack an overreaction. JK [Attorney-General] is worried. There ought to be some discipline in the military, after all!

Our understanding of the military leaders' need to react to far-out accusations from the ranks certainly does not make it any easier to support unequivocally the hobbling of free speech privileges. In addition, one of the officers accuses the prime minister of stating "conscious lies" in his autumn speech to the government, in which he said that "we have earned respect for our decisiveness in defending our country's territorial integrity."

This statement was made before the Supreme Command's most recent report concerning five violations occurring between July and September, according to the military chiefs of staff. The Government Office states the same, also adding that Palme's statement should not be interpreted as meaning that all submarine violations are a thing of the past. A non-involved interested party such as HUFVUDSTADSBLADET, moreover, guesses that this means that "the Swedish government will meet with challenges and trials, when it must defend its security policy against the opinion of the Swedish public and the rest of the world."

Very significant is the military leadership's admittance that the men in the field are "frustrated." The naval commandant sees this as an information problem. In the military, the idea is supposed to be that Sweden does not have or will not get the resources for "submarine chasing" that the officers would like to see. Instead, we have to be content with "defense against submarines," which would normally be considered a different concept altogether. Please, someone, explain the difference to the Swedish people!

ECONOMIC

CYPRUS

BRIEFS

OCTOBER TRADE FIGURES--Imports for the Turkish Republic of Northern Cyprus increased by 100.1 percent in October compared to the same period last year, while exports rose by 26.3 percent for the same months. This was announced by the Commerce, Industry, and Energy Ministry Statistics Department. The foreign trade deficit stood at 7,687,700,000 Turkish liras as of October 1984.  
[Summary] [(Clandestine) Bayrak Radio in Turkish to Cyprus 2030 GMT 11 Dec 85 TA] /6662

FOREIGN DEBT STATISTICS--"The foreign public debt in 1985 is expected to remain, as it did in 1984, around 330 million pounds, while Cyprus' overall foreign debt (including the private sector) will increase slightly, from 534 million pounds to about 550 millions pounds." This information was provided by Minister of Economy Khristos Mavrellis in a statement on the country's economic affairs and in answer to questions by Mr Diglis of AKEL and Mr Zakhariadis of DISY /Democratic Rally/. With regard to the growth rate, he stated that "in 1985 it is expected to be about 3 percent, about the same as the average growth rate expected to be shown by the international economy." The minister added that "our financial deficit, using the international accepted rate as a basis, is expected to amount to 80 million pounds in 1985 or 5.9 percent of the gross national product. This percentage is the same as that in 1984 but significantly lower than in 1983 when it reached 7.1 percent. It is also lower than in 1979 (a year that both Mr Diglis and Mr Zakhariadis use for comparison purposes) when it was 6.7 percent." /Excerpt/ /Nicosia TA NEA in Greek 12 Nov 85 pp 1, 3/ 5671

CSO: 3521/49

ECONOMIC

FINLAND

SOVIET COOPERATION PROJECTS ASSESSED, NEGOTIATED

Kola-Lapland Mining Proposal

Helsinki TIEDONANTAJA in Finnish 5 Nov 85 p 6

[Article: "Lapland on the Move for the Kola Venture"]

[Text] "Finland must soon make a decision as to what extent it will participate in the Kola venture. The direction of Finnish economic policies will also be decided in this matter: will it be tied to the West or will it be ready to expand trade and economic cooperation with the Soviet Union," said a member of the parliament, Esko Juhani Tennila during an occasion in Kemi in which the 'Lapland Work for All'-Committee treated unemployment and the Kola venture.

A decision was made during the occasion to send a large provincial delegation to speak to parliamentary groups and other decision makers in December. Municipal and trade union representatives will be invited to the delegation and at the same time they will be encouraged to discuss and take sides for the Kola venture.

According to Tennila the good relations between the countries create a foundation for favorable Soviet trade. "Soviet trade at the moment employs 150,000 Finns. The trade should be even more extensive because it affects employment directly. For example, Finland is funding the purchase of every Soviet automobile with its own work," Tennila confirmed.

In Tennila's opinion we have only recently begun to understand the scope and significance of the Kola venture for Finland. "The Soviet Union has decided to start the comprehensive development of the mineral resources of the Kola region, which will get under way as part of a five year plan beginning at the outset of next year. In practice this means, among other things, starting the refinement of the 400 million tons of complex ore now being stored in the Kipin area. The ore contains many valuable metals, which have gone unrefined thus far."

In regard to the Kola venture thus far the representatives of the Finnish mining industry and political groups have visited the Soviet Union. On the basis of his own visit Tennila sees the Kola venture to include, in practice, the cooperative development of complicated refinement technology for complex ore with equipment from Finland and cooperatively built production units on both

sides of the boundary. "Cooperatively opening the Sokli mine on the Finnish side is one natural objective of the venture. The need for new railroad connections on the Finnish side is also going to surface," says Tennila.

On the official level the Kola venture will advance next when the Soviet experts arrive to negotiate with the Finnish industrial leaders in the near future about the matter. At the end of the year an extensive seminar will be organized in Moscow.

#### Provincial Union Supports Kola Venture

"We in the Provincial Union have pondered the Kola venture and we see that it would be a great benefit for Lapland," confirmed Timo Hannula, the operations director for the Lapland Provincial Union during his turn to speak.

According to Hannula the prospects for employment in Lapland are dim in both the short and the long run. Even the most optimistic forecast of the ministries promises Lapland 10 to 15 percent unemployment within 10 years.

"The government promises of reducing the regional unemployment differences have not been carried out. The situation is quite the opposite, the regional differences in unemployment have increased. In Lapland there are only very few municipalities where unemployment stays below the 10 percent figure set by the government," says Hannula.

According to Hannula the unemployment is not being taken seriously, it's accepted. "Although men from different parties have served as labor ministers, it seems not to have helped. The people of Lapland will have to continue to rely on themselves and work against unemployment by themselves," Hannula recommends.

#### "Threshold of Apathy Must be Overcome"

"The youth have experience in ruffling the decisionmakers," says Tarja Kemppainen, who functions actively in the 'Sokli Now'-movement in Lapland.

"Activities and their content must be developed so that the decisionmakers are forced to give real answers," she says. According to Kemppainen the Sokli delegations in Helsinki have too often received answers to their demands which they had already known.

"The threshold of apathy in the movement against unemployment must be overcome. We have to reach the level of action. It is possible to find radicalism in the youth of Lapland, because we spend a longer time here than others and because we do not want to be party to the gloomy predictions about future unemployment," says Kemppainen.

## 15 Years of Agricultural Cooperation

Helsinki HELSINGIN SANOMAT in Finnish 2 Nov 85 p 51

[Article: "Agricultural Cooperation Between Finland and the Soviet Union Reaches the 15 Year Mark"]

[Text] Official agricultural cooperation between Finland and the Soviet Union has been conducted for 15 years. The agricultural task forces of the two nations met for the first time in Moscow in February of 1970.

At present Helsinki is hosting the task force's 15th anniversary. A report concerning cooperation for the next year will be undersigned Saturday.

Cooperation has consisted primarily of the exchange of experts and the organization of meetings of experts and cooperative research. During this decade cooperation has become more and more economic in nature.

The focus of activities has been on livestock production and especially on feed production. Feed enterprises have been especially active. Enterprises producing feed preservatives have already achieved good commercial trade results with the aid of their cooperation. Commercial cooperation has also been reached with concentrated feeds, we are told by the Ministry of Agriculture and Forestry.

The experimentation on vegetable, berry bush, and fruit tree varieties in both countries belongs in the area of cooperation in horticultural production. Finnish varieties are already being cultivated, for example in Estonia.

In the area of machinery, cooperation has also gone forward. Finnish preservative spreaders, potato picking machines, plant spraying equipment, sowing fertilizer machines, as well as combines have been tested in the Soviet Union. Combines have also been purchased after the testing.

Agricultural cooperation has concentrated on areas whose climatic and soil conditions resemble Finland. Such are, for example, the Estonian and Leningrad regions.

The office chief of the Ministry of Agriculture and Forestry Reino Uronen functions as the chairman of the Finnish half of the task force. The Soviet side is led by Y. V. Vsevolodskiy, the chief of the agricultural ministry's college and mid-level education department.

12989/12859  
CSO: 3617/29

ECONOMIC

FINLAND

### SPECIAL PLANT PRODUCTION SUBSIDIES HARD ON STATE ECONOMY

Helsinki HELSINGIN SANOMAT in Finnish 20 Nov 85 p 33

[Article: "Special Plant Production Is Becoming Too Expensive for the State"]

[Text] Neither national nor state economic reasons hardly favor the extension of special plant production. It is becoming quite a burden for the state. This year starch production will be supported at 200 million markkas over that which the industry pays for potatoes. In malt production a ton of raw material is 1,000 markkas more expensive than, for example, in Denmark.

So says research specialist Gunnar Niemi from the Ministry of Trade and Industry. He is the ministry representative on the special plant board which intends to make a report on special plant policies early next year.

Niemi has set himself in opposition to the stand presented by the Ministry of Agriculture's counselor Ilkka Ruska and the department head of the Agricultural Producers Association, Markku Suojanen at the conference of the Agronomers' League. According to them the production of special plants in Finland should be increased. On the other hand, according to Ruska, as little as possible of the state funds should be used for special plant production.

Included among special plants are, in addition to oil plants and sugar beets, potatoes and malt barley. Refined products of special plants are also imported into Finland. Starch is made from potatoes and malts from malt barley. From the oil plants, margarine, for example, is made. The ground roughage being produced as by-products is used in the feed industry.

Niemi says that in certain quarters an attempt has been made to transfer land into production for which there is a sufficient demand--in other words, to replace imports. Domestic replacement production is not competitive with imports. Consumers have to be asked to pay more than they are paying now or, as an alternative, the state will have to support domestic production strongly.

#### Expensive Price for Barley Malts

The price of malt barley, the raw material for beer, has been 2,110 markkas per ton in Finland. In Denmark malts are made from ordinary barley, which costs 1,070 markkas per ton. In Finland the price of ordinary barley is 1,600 markkas per ton.

Niemi observes that one kilo of malts requires 1.33 kilos of malt barley and the raw material costs of the Finnish plant reach 2,381 markkas per ton whereas the cost of the Danish plant are 1,434 markkas per malt ton. When we add the refining costs to the plant's costs for raw materials we end with the cost of 3,300 markkas per ton of malts in Finland, whereas Denmark gets by with 1,742 markkas per ton.

"If the Finnish brewery could get its malts for the same price as the Danish brewer, the state could get 75 million markkas more than now from its beer sales per year."

Niemi confirms that demands have been made even for exporting malt barley. Every exported ton would require at least 1,500 markkas in public subsidy. The increased domestic consumption of malt barley is questionable when the relative prices are so far out of kilter.

"Why can't malts be prepared from completely ordinary Finnish barley?" asks specialist Niemi. In that case the domestic price of malts would be only 780 markkas over the Danish level.

#### Malts Stored for Crisis Situations

Malt barley is refined into malts by Raisio and Lahden Polttimo (Lahti's Distillery). Niemi confirms that the rise in the cost of raw materials or in refinement, naturally raises the cost of beer production. As the price of beer is set on the basis of alcohol-policy considerations, much room is left between the sale price and production costs of beer.

The state gets 1,200 million markkas from the sale of beer in taxes and 200 million in other earnings. Thus the price of malt barley and malts can rise invisibly.

As a curiosity we could consider the fact that precautions have been taken for quenching our thirst for beer in case of a crisis situation. "The state's money mill, Alko, has quietly agreed to pay for the security storage of malt barley, thereby reducing the state's burden by about 8 million markkas. The state eliminated this support from its budget estimates at the end of the 1970's," says Niemi.

#### Expensive Domestic Starch Glue

Raisio bought Hameen Peruna and the "net purchase price" has publicly rumored to be about 150 million markkas. "If the purchaser did not close the deal only for tax purposes, we should expect that the investment made would produce an annual profit of 20 percent, or approximately 30 million markkas" says specialist Niemi.

The starch is produced for use in high priced food products and for technical use in the wood processing industry. The starch produced for technical use has to be strongly subsidized by the state so that it can stay competitive with imported starches.

According to the starch legislation this year's subsidy is given for the production of 16 million tons, but since we have again had a good harvest a decision was made to support the production of an additional 5 million kilos.

Technical starch production gets 63.1 million markkas in support altogether when the cost of raw materials is 43.6 million markkas. In practise the industry receives as subsidy free raw materials and some 20 million to boot.

Niemi says that it would be more advantageous to distribute the 44 million markkas "belonging" to the growers and use the 20 million saved on more productive targets.

12989/12379  
CSO: 3617/37

ECCNOMIC

FINLAND

#### INFLATION CONTINUES ABATING AS ANTICIPATED

Helsinki HELSINGIN SANOMAT in Finnish 16 Nov 85 p 38

[Article: "Prices at Nearly the Same Level as Before"]

[Text] The Statistical Center has measured the annual rise in consumer prices at a record low of 4.9 percent. The last time lower figures had been reached was in 1979.

In October the prices remained pretty much on the same level, the rise was only 0.1 percent. Clothing and shoes rose in price but gasoline and package tours fell.

The rate of inflation is going to remain around 5 percent for the remainder of the year. At least a decrease in the price of long distance telephone calls and imported fruits is expected.

On the other hand inflation is expected to continue to abate soon after New Year. At the end of next year we should be able to reach the 4-percent rate aimed at by the government; some now consider that also an unnecessarily easy objective.

By hindsight this year's objective, or the 5-percent rate, could also be classified as being too modest, since apparently it has now been reached.

The drop in inflation to the vicinity of 5 percent for real has caused the official forecaster, i.e. the finance ministry, to lower its own price estimate only this fall from 5.5 percent to 5 percent.

However, the people are apparently that much more thickheaded than the official trend watchers in that they don't believe, even now, in the actual slowdown of the inflation. At least these kinds of thoughts are unnecessarily often interjected into the conversations of both the wage earners and wage payers.

OECD Average at 4.3 Percent

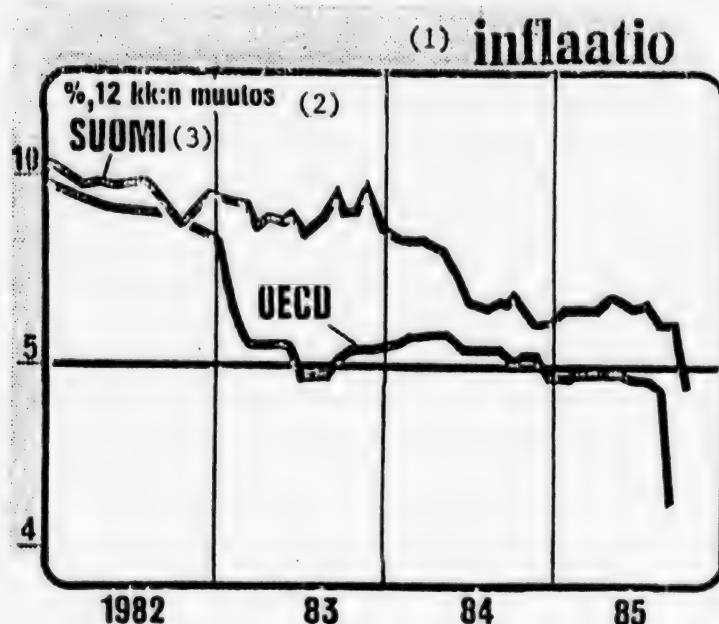
Finns need not unnecessarily puff themselves up about taming inflation. At most we have followed in the wake of western industrial nations toward the lower percentages.

The rate of inflation in the OECD countries decreased also in September and remained at mere 4.3 percent. However, prices were also being raised in one country or another already in September.

The inflation rate in the most important member nation, the United States, dropped to a 3.2 percent. The inflation of the European OECD countries for the same period was measured at 6.4 percent.

Higher figures than in Finland continue to be reported by England (5.9 percent), Sweden (6.7 percent), and Norway (5.8 percent). Sweden, however, has spent the last half of the year more moderately than we have.

The land of the measured mark, the Federal Republic of Germany, has kept its prices at the same level for half a year and even its annual rise was only a modest 2.2 percent.



Key: (1) Inflation  
(2) Percentage change in twelve months  
(3) Finland

12989/12859  
CSO: 3617/29

ECONOMIC

FINLAND

#### ARCTIC DATA BANK TO BE LOCATED IN FINLAND

Helsinki HELSINGIN SANOMAT in Finnish 2 Nov 85 p 51

[Article: "Arctic Data Bank Founded in Finland"]

[Text] A data bank serving offshore and structural engineering concerns is being developed in Finland. A preliminary report to be made on the possibilities of establishing the data bank is one of the research projects initiated by the Center for the Advancement of Technology (TEKES), which are used to support the strengthening of offshore and structural engineering stations.

"The bulk of the studies is associated with ice technology which is studied in the VTT [National Technical Research Center] Laboratories of naval technology and structural engineering as well as for the development of Oulu University concrete technologies," we were told by TEKES Friday.

The technology project proposals have been made by the technology project task-force set up by the Ministry of Commerce and Industry. TEKES coordinates and funds the projects and is responsible for planning their realization and follow-up. This year it funds arctic research and product development with 2.9 million markkas. Whether the funding will be continued will be decided next spring, when efforts will also be made to initiate new projects.

The arctic technology project, funded from TEKES's research funds is one of extensive and nationally significant research projects that aim at raising the technological level in industrial areas and are deemed important.

The ventures already under way have received project proposals from research institutions and industry and the funded projects strengthen that expertise which the Finnish enterprises and research institutions already have.

The results of the research are disseminated to industry and the research institutions at special research seminars which each research project is expected to hold.

"We consider the achievement of good and trusting cooperation among the research institutions and enterprises functioning in the area of arctic technology especially important so that the small resources of our country can be utilized as efficiently as possible," TEKES attested.

Keen international competition also makes cooperation necessary among the enterprises, for example in trying to join projects which seek solutions for the development of the sizable arctic gas and oil reserves of the Soviet Union.

ECONOMIC

FINLAND

BRIEFS

HEAT INSULATION TECHNOLOGY TO POLAND--During the next year Partek Co will provide Poland with an automatic production line for the manufacture of heating pipe insulation. The agreement is worth about 6 million markkas and its execution will be financed from the surplus in the trade exchange budget between Poland and Finland. In addition the Polish Building Ministry is interested in acquiring five additional similar apparatus sets from Finland, the deputy minister Zdislaw Kuhn told the HELSINGIN SANOMAT while visiting Finland at the invitation of the Ministry of the Environment. Partek also has an opportunity for the renovation of a rock wool factory that has become dated in its production technology. The Polish Building Ministry is attempting to double the factory's productivity and to raise the quality of its products to the same level that Partek now represents in Finland, said Deputy Minister Kuhn. A large window and door factory is presently being built in Poland; its machinery will come partly from the Soviet Union and partly from the other socialist countries. The Building Ministry is interested in getting a part of the factory equipment from Finland. The first prerequisite for the improvement of housing conditions in Poland is the improvement of its heat insulation technology. The stone houses built in the cities after the war were left, for all practical purposes, without insulation. Now there is an urgency for their basic renovation. The houses must be insulated henceforth because of the rising cost of energy. The cost of heating poorly insulated houses has risen decisively also because coal now has to be mined from the depth of 1 kilometer. Polish insulation technology, however, is poorly developed compared to the Finnish and requires, compared to the Partek production technology, ten times the labor. According to Deputy Minister Kuhn the production of dwellings must be speeded up and that is impossible without the multifaceted development of building technology. In addition to insulation technology the deputy minister told of admiring the level of finishing in Finnish dwelling production technology and the speed reached by the element technique: a multistoried element building is completed in only 9 months. Expert task forces are now studying how the Finnish knowhow in the field of heat insulation could be exported for the Polish construction industry and what the Finnish enterprises could import as counterpurchases for the equipment sent to Poland. "Finns could buy marble, for example, from Poland rather than from Italy. Our marble is at least as good as the Italian and importing it, because of the shorter distance, would be cheaper from Poland," said Kuhn. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 10 Nov p 41] 12989/12859

MITSUBISHI OFFICE TO HELSINKI--The Japanese Mitsubishi company belonging to one of the largest mercantile houses in the world is planning to open an office in Helsinki. The director general of the enterprise, Yohei Mimura, discussed the matter as he visited Helsinki Monday on his European trip. Mitsubishi handles trade with a business volume four times the size of the Finnish state budget. The nearest office of the enterprise is in Stockholm. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 12 Nov 85 p 51] 12989/12859

ECONOMIC

GREECE

KKE'S PROPOSAL FOR FOREIGN DEBT RESCHEDULING APPLAUDED

Athens ETHNOS in Greek 31 Oct 85 p 6

/Text/ The country's foreign debt--the amounts of money owed to creditors whether they are individual banks or a consortium of banks--is extremely heavy and creates tremendous difficulties in meeting the interest and redemption annuity installments to the lenders. This problem, which does not involve only our country--there are other countries with more burdensome foreign debts--is becoming more critical at this time given that our economy is at a dangerous junction and that efforts are made to check inflation and develop conditions for coping with the crisis.

Greece, which among 160 debtor countries holds 15th position, is, of course, far beyond those Latin American and African countries which are virtually overburdened by their foreign debts and for this reason have decided to suspend payments to their creditors, to renegotiate the conditions of their loans, and to seek economic assistance from international organizations.

However, the burden of the 14 billion dollars we owe to foreigners is becoming oppressive if we consider the fact that the annual debt service obligations amount to about 2.5 billion dollars. And while frantic efforts are being exerted to decrease imports and thoughtless consumption in order to save precious dollars; while public expenditures and social subsidies are reduced; while the working people are asked to undergo sacrifices for a period of at least 2 years, the obligation of our country toward its creditors remains unchanged and extremely demanding as concerns installment payments. The 2.5 billion dollars we are obligated to pay are but an additional nightmare which in any case impedes the progress toward economic revival.

To be able to free itself from its immediate and heavy obligations, our economy needs to have a grace period during which the payments should stop. This does not mean, of course, refusal to pay off the debt but to simply secure a grace period during which the government's economic and developmental measures are expected to be productive.

This measure of stopping payments, to which countries overburdened with debts have resorted, was proposed by the KKE representative during his TV press conference 2 days ago. The proposal, which somehow falls within the

measures being sought for alleviating the crisis, is noteworthy as well as worthy of consideration since it is feasible. This, of course, does not mean that our country should be burdened with other types of obligations in different areas.

The postponement of payments for 2 years is indeed possible. The countries where our creditors are and which have given guarantees for granting the loans can intervene and positively influence our lenders to accept a renegotiation of our foreign debt. This does not mean--and this must be underlined--that the international organizations which have a decisive control over the granting of loans on an international level should be kept apprised, in the meantime, on the status of our economy.

The KKE proposal has greater possibilities of success in those cases where the lenders belong to countries-members of EEC. Article 108 of the Rome Agreement, if interpreted broadly, considers as assistance also postponement of payments of a country's debts. It is understood, of course, that this preassumes a proper handling on the part of the government agencies.

For all these reasons, we think the KKE proposal for a 2-year "moratorium" on debt payments to our creditors is both worth noting and worth considering and, if accepted, we believe it will assist to a considerable degree the government's economic and developmental effort.

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CSO: 3521/35

ECONOMIC

GREECE

#### STATISTICS ON LOSSES SUSTAINED FROM STRIKE ACTIVITIES

Athens TO VIMA in Greek 3 Nov 85 p 6

/Article by D. Stamboglis: "The Strikes Are Destroying Us"

/Text/ From 1980 till September 1985 more than 3,000 strikes with the participation of 2,683,906 working people took place in the private and public sectors. No data exist as yet for October 1985, but it appears the month will be the worst in recent years as far as striker participation is concerned.

The loss of work hours during the past 69 months (since January 1980) was estimated at 44,866,075. As a result the Greek economy's "lost profit" can be measured only in 11 figures. The billions of drachmas the strikes cost to the economy are definitely lost while it is generally accepted that most of the strikes were unjustifiable since they were brought about by "pressure groups" of working people who are compensated well.

It should be noted that the number of strikes and of lost hours would have been higher if other syndicates too had the same possibilities of resorting to the "last weapon of working people against the employers." Thus, we have the following paradox: certain branches of working people which have reasons to strike in order to secure better working conditions do not have the power to do so while others do so for unrelated reasons. Finally, certain strikes could be avoided if both concerned parties (employers and working people) were willing to hold prolonged dialogues.

Whether justified or not, the strikes do harm the country's economy. Naturally, such harm cannot be restored since the hours lost cannot be recovered. Most of the strikes occurred in 1982 while most of the hours were lost in 1980. The following table shows the number of strikes, strikers, and hours lost (the figures for 1985 cover the first 9 months):

Year	No. of Strikes	No. of Strikers	Lost Hours
1980	729	1,407,799	20,933,501
1981	466	401,757	5,690,988
1982	968	354,489	9,745,965
1983	361	174,000	2,986,957
1984	268	107,957	2,690,789
1985	<u>276</u>	<u>239,904</u>	<u>2,817,875</u>
Total	3,059	2,685,906	44,866,075

According to more detailed data, during the May-July 3-month period of 1982 alone--the year most of the strikes took place--a total of 288 strikes were declared with a total loss of 5,807,824 hours--more hours, that is, than those lost during the whole of 1983 and 1984.

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ECONOMIC

GREECE

BRIEFS

DISAPPOINTING AGREEMENT WITH LIBYA--Despite the 1 billion dollar "historic agreement" Premier Papandreu signed with Colonel Qudhafi a year ago this year's Greek exports to Libya shrank considerably. A report by the Greek commercial attache in Libya shows that the exports to Libya during the first 7 months of 1985 were minimal and it is possible that this year's exports may drop to one fifth of those in 1984. More specifically, the attache's report to the National Economy Ministry states the following: Until the middle of July 1985 exports to Libya from Greece as well as from other countries were limited. It appears that in the post-petrol history of Libya, the year 1985 will mark a record as far as exports to that country are concerned. The orders for goods given earlier to Greek exporters were not yet realized and cannot be realized if Libya does not accept the guarantee letters. Any other manner of payment or condition for sending goods is no longer acceptable. We, thus, face the risk of losing a large percentage of our exports if the situation of the guarantee letters is not improved. Otherwise, our exports may drop to one fifth of those in 1984. Naturally, Libya is pressed by all concerned countries to increase its imports. As concerns the Greek exports the commercial attache's office has exhausted every limit and possibility to promote our exports and to solve the technical difficulties for improving the balance-of-trade conditions. However, no substantial results are possible. /Text/  
/Athens I KATHIMERINI in Greek 13 Nov 85 p 77 7520

CSO: 3521/35

ECONOMIC

NETHERLANDS

### PROBLEMS IN LOWERING UNEMPLOYMENT FIGURES

"Lubbers: 100,000 New Jobs

Rotterdam NRC HANDELSBLAD in Dutch 17 Oct 85 p 3

[Article by socioeconomic editorial staff: "Prime Minister: 100,000 New Jobs Annually Possible"]

[Text] The Hague, 17 Oct--Prime Minister Lubbers thinks it possible that, little by little, every year 100,000 more people will get a job. That is 30,000 more than the number taken by the Central Planning Bureau.

According to Lubbers, next year an average work week shortening of 2 percent should be striven for, which is a doubling with respect to the estimates of the Planning Bureau.

Lubbers said yesterday during the General Debate in the Second Chamber that the 100 new jobs can be created for one third through expansion of job opportunity and for the rest through a redistribution of labor. He emphasized, however, that the redistribution of labor is primarily a responsibility of employers and employees. The cabinet is not interested in a "guided redistribution policy." The prime minister acknowledged, however, that an average work week shortening of 1 percent, as the Planning Bureau predicts for 1986, is "too lean."

In the fall, a consultation of a cabinet delegation with representatives of employers and workers will deal with the manner in which the redistribution process should be carried out. Lubbers said yesterday that the cabinet has created the financial leeway for it by lowering the social premiums. For workers in private industry that will lead to an improvement in purchasing power of 1.5 to 2.5 percent in 1986. "This creates commitments on the part of the employed toward the unemployed," said Lubber. The prime minister is not interested in applying a general work week shortening across the board.

Yesterday he dealt at great length with the unemployment figures and the development of work opportunity. According to Lubbers it is a "misunderstanding" that unemployment can decrease no further. He referred, amongst other things, to the increase of the number of unfillable vacancies by 13,000 to a total of 30,000. Further the prime minister opposed the idea that

the long-time unemployed can never get started again. Of those who last year had been registered with an employment bureau for 2 to 3 years, 34 percent got a job.

Besides going ahead with redistribution of work, the education element will also have to be strengthened according to Lubbers. The doubling of the student body which had been agreed upon previously with the social partners is proceeding more slowly than expected, he said. He reacted positively to the plan of VVD [People's Party for Freedom and Democracy] member De Korte to train the long-time unemployed in companies, [each] guided by a mentor, although the form must still be discussed. The plan--which annually is to provide a job for 10,000 long-time unemployed--will cost 100 million guilders after the initial phase. Lubbers suggested that the plan might perhaps be joined with, or included in, already existing projects. With that he made it clear that he was not terribly happy about withdrawing an additional 100 million guilders especially for this plan.

#### Economize

Also after 1986 "a very sound expenditures policy and unavoidable cutbacks on the state budget will be needed," according to Lubbers. He repeated the plea he made last year in the First Chamber to keep the purchasing power of the minimum wage earners and the further benefits merely at the existing level and not to adjust it further to the general wage increase. "It is going one step too far to recover the normal coupling mechanisms," he said. Minister Ruding (of Finance) last night once again spoke in favor of pushing back the financing deficit by 1 percent per year in the coming cabinet period. This would mean an economization of 16 billion guilders total: an amount labeled "a minimum" by Ruding. Moreover, it was assumed in that figure that there would be no new items of expense and that existing items of expense would not be exceeded.

In 1987 more than the average (thus over 4 billion guilders) would have to be cut back because in that year the natural gas income will decrease greatly. Ruding said that further cutbacks are needed in social security, amongst other things, whereupon CDA [Christian Democratic Appeal] Parliamentary Group Leader De Vries rushed to the floor microphone to state that Ruding was speaking here as the minister of finance, and not as the defender of the CDA election program. The CDA happens to think that after the change in the social security system no further economizations can be made in this sector.

As announced earlier, the cabinet is prepared to change the draft bills in which the change of the social security is stipulated. If a majority in the Second Chamber want that, the cabinet will no longer stick to the plan to reduce the new unemployment benefits in bi-annual steps from 70 percent of the last-earned wage to 70 percent of the minimum wage. On the other hand, the duration of the benefit with respect to the original plans would be shortened by 1/2 year. But even than a gap of 545 billion guilders remains, compared to the original plans. Lubbers said yesterday that this means that the possibilities for other potential improvements are hereby exhausted. People to 35 years of age with a WAO [Law on Labor Disability] benefit year will be re-examined in order to determine for which part they are unable to work due

to labor disability and to what extent it should be ascribed to the labor market situation. With respect to the "unemployment part," the person involved will then fall back upon the--less advantageous--unemployment benefit. Previously it was the intention to re-examine people to 30 years of age and to make a decision at a later stage on the group between 30 and 50 years old. The disabled of 34 and older now have the assurance that they will retain their old WAO regulation.

Commentator Cites Difficulties

Rotterdam NRC HANDELSBLAD in Dutch 18 Oct 85 p 3

[Commentary by Mark Kranenburg: "Lubbers' 100,000 Jobs Canceled Out by Labor Market Paradox"]

[Text] The Hague, 18 Oct--Almost unanimously, the Second Chamber appealed to employers and employees to use a greater part of wages next year for training measures and redistribution of work. That happened last night at the end of the general and political debate through the adoption of a motion submitted by the CDA [Christian Democratic Appeal] and VVD [People's Party for Freedom and Democracy]. Opposing votes came only from the small christian groups SGP [Political Reformed Party] and RPF [Reformatory Political Federation], and the small leftist groups CPN [Communist Party of the Netherlands] and PSP [Pacifist Socialist Party]. The Dutch multi-party system now and then yields fascinating combinations.

The expression of unanimity by the remaining groups once again made it clear that the fighting of unemployment is not a political issue, as long as one sticks to generalities. And the appeal to employers and employees falls under that denominator. However, as soon as it is a matter of pursuing a policy to fight unemployment, little remains of that unanimity. The cabinet and a majority in the Chamber want nothing to do with a "systematic approach" to unemployment, as repeatedly pleaded in the Second Chamber the past days by PvdA [Labor Party] Leader Den Uyl, amongst others.

Hand in Hand

The government is at most allowed to create the conditions; the actual execution is a matter for the social partners. "We don't want a guided wage policy nor do we want a guided redistribution policy," according to Prime Minister Lubbers last Wednesday. Thereby he swept away both the PvdA plan to arrive at a 32-hour work week for everyone in 1990 and the similar idea of women's organizations of almost all the political parties (from CPN to VVD).

Lubbers credo is: searching for elements through which redistribution of labor and economic growth can go hand in hand and strengthen each other. According to him it must be possible in the coming period to give every year 100,000 more people a job. That is 30,000 more than the number taken by the Central Planning Bureau.

The extra jobs could be realized for one third by expanding job opportunity and for the rest through redistribution of labor. At first sight that is an

ambitious goal, but the question is whether with this growth Lubbers' previous prediction of a decrease to 500,000 unemployed in 1990 can actually be achieved.

One of the most important causes of the high unemployment figure in the Netherlands is the enormous labor supply, which is due in great part to the wave of emancipation. If the female labor force had not risen so explosively during the past 12 years, but had increased at the same rate as the male force, there would now be 750,000 people less in the labor market according to Lubbers this week. This year an additional 45,000 people registered for a job, while this number will have increased to 75,000 next year. In other words: just because of the growing number of high school graduates and the fact that more and more married women register for a job, already 75,000 additional jobs are needed next year.

#### Smattering

In reality the group potentially looking for a job is even larger, namely 95,000 according to the figures of the Central Planning Bureau. But because there isn't a chance for a job anyway, about 20,000 people simply abandon the trip to the employment bureau. This so-called "cyclical withdrawal" decreases as the chance for a job increases. That development has--now that the economic climate is improving--indeed started rolling, for this year the "hidden labor supply" is about 45,000 persons.

The more jobs are available, the more people register. Thus Lubbers' 100,000 jobs will be only just enough to take care of the additional labor supply. With them, a further increase in unemployment can be prevented, but a real decrease can at most be called a smattering. Let alone push unemployment back to 500,000. That will certainly be true if the number of shared jobs keeps increasing. That development also brings forth more labor supply which currently isn't even being included in the "cyclical withdrawal". That includes, for example, people who cannot combine a full-time job with family obligations (mainly married women with children) for whom a shared job is a solution.

"We must not give in to doomsaying and the idea that nothing will come of it," said Lubbers yesterday in the Second Chamber. But, in fact, he didn't have to offer much hope to the unemployed this week. Hundreds of thousands of additional jobs per year sounds like a lot, but it is not sufficient. Unemployment will, in Minister De Koning's words, continue to decrease "irritatingly slowly." Even a VVD job opportunity plan for the long-time unemployed, supported by all parties, will not make a big change in that. With it, 10,000 long-time unemployed could be "helped" each year. Doomsaying or not, the fact is that another 240,000 long-time unemployed will remain.

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CSO: 3614/19

ECONOMIC

SPAIN

BUSINESSMEN'S ASSOCIATION TO EXERT POLITICAL PRESSURE

Madrid TIEMPO in Spanish 28 Oct 85 pp 58, 59

[Interview with Juan Jimenez Aguilar, secretary general of the CEOE [Spanish Confederation of Business Organizations], by Jesus Rivases; date and place not specified]

[Text] On 15 and 16 November, meeting in Madrid, the CEOE is planning to bring together over 10,000 businessmen, who will be coming to take part in the First National Congress of Businessmen on the first Day of Business. They want to demonstrate that businessmen are here, that they are important, and that attention must be paid to them. Juan Jimenez Aguilar, the CEOE's secretary general, is now organizing this meeting.

Question: What is the CEOE hoping to accomplish by holding a businessmen's congress?

Answer: Now that the CEOE has been in existence for 8 years, I believe it is time to call a halt, to think about the past, to see what has been done. We have had some major achievements, such as the strengthening of the business association movement and its unity. But facing the initial stages of integration in Europe, we have to create stronger, more organized, more united businessmen's organizations that will portray the image of a living social body, one which also has the obligation to fight back, to respond to the challenge to Spain contained in the date of 1 January 1986.

Question: Will this also be an action taken to put pressure on the government?

Answer: No. It will be strictly a businessmen's meeting. It isn't against anyone, but rather in favor of Spanish business. We want to analyze the current situation and look toward the future rather than the past. Undoubtedly, our reflections will contain political elements, because the economy and business are shaped by politics. But it isn't an attempt to move against anyone. It would be absurd to organize a businessmen's congress in opposition to the government.

Question: Are you trying to tell the government; here we are, you can't forget us...?

Answer: Certainly. There isn't any doubt about that. We have to tell the government, in case it may have forgotten, that businessmen are part of society, and that if they don't pay any attention to us, they are making an extremely serious mistake.

Question: What message do you want to send?

Answer: The message of the congress will be whatever comes out of the debates on each point of the agenda. However, on the following day the Day of Business will be held, in which about 10,000 businessmen from all over Spain are expected to take part. The objective is to convey the idea that business is here to serve society, progress, and development. Business is a source of wealth, a creator of jobs; it makes economic activity possible and promotes development. This is the message we are going to send to Spanish society as a whole. We also want to emphasize the idea that Spanish business has many problems, and that its existence is necessary and vital for Spain.

Question: Does this suppose a change in the CEOE's attitude toward the government, after a summer in which both parties traded many harsh criticisms and accusations?

Answer: No. What we want is for Spanish society to get to know business better. For that reason, everything we are doing will still be very little. We are going to try to get Spanish society to understand the difficulties facing businessmen, the reasons why they take action or don't, why we are asking for labor flexibility and a social security system similar to what exists in the EEC.

Question: And will Spanish society be receptive to that message?

Answer: I believe that if a society isn't receptive to such a message, it may be for one of two reasons: either because those of us who have the obligation to send the message don't know how to communicate it properly, or because we haven't been able to make public opinion sensitive enough, so that people will realize the importance of business in a modern and young society.

When a country doesn't look at or listen to its businesses, then the business leaders have to make a great effort to make themselves heard and properly appreciated.

Question: The government doesn't seem to be listening very much. At least, it routinely criticizes the CEOE.

Answer: The government is entitled to criticize us, just as we also have a legitimate right to criticize the government when it acts improperly. The

disturbing thing is that the government criticizes Spanish business without any valid reason. Governments must see business for what it is: the factor capable of creating the conditions to get our country moving out of the situation we are now in. Only business can get the country out of the current crisis.

Question: And does the government criticize business with reason or without reason?

Answer: We can't take an exaggerated position here. The government may be right at times, but we also have to admit that the prime minister and some of his ministers talk a great deal about the fact that it is going to be the private sector, private enterprise, that will get the country out of the crisis.

Question: How much is it going to cost the CEOE to bring to Madrid the more than 10,000 businessmen who are expected to attend the Day of Business?

Answer: You'll have to ask each businessman that, because each one is going to pay the cost out of his own pocket. Obviously, it doesn't cost the same amount to come from Toledo, as to come from Malaga, the Balearic Islands, or the Canaries. A charter flight has already been arranged from the Balearic Islands, and that, plus the cost of staying here, will certainly be much more than coming from Toledo.

Question: Is it going to be very hard for the CEOE to bring together the number of businessmen that you say are going to congregate in Madrid?

Answer: I don't think so. I am convinced that businessmen are going to come pouring into Madrid. Perhaps at some given moment, we may not know whether the business community is prepared to make an appropriate response to a demonstration of the type that the CEOE is calling for. We don't have to make a great effort; we just have to let people know when and where it is going to be held.

Question: Isn't the timing just perfect--holding these meetings now, right before the Galician elections, and almost in a pre-election period before the general elections in 1986?

Answer: No, these meetings had been planned since the CEOE's general assembly, which was held on 13 February. Also, if we accept what the prime minister says--and he seems to be the one who has the power to dissolve parliament and call new elections--the elections will be held in October of the coming year. So we aren't in a pre-election phase at all... Those who look at these meetings from a totally political viewpoint are mistaken. What is happening is that politics is getting mixed in with the economy and with the life of business.

Question; Does the CEOE now think that the AES [Economic and Social Agreement] is totally dead?

Answer: We would like the AES to start to show some fresh signs of life. But it isn't up to us to take the initiative to revive it; rather, it is up to the government to convene the AES Application Commission. It seems to me that now, from one moment to the next, time is running out for the government to convene the Application Commission. If it doesn't convene the commission, it will in essence be making a decision, moving in the direction of burying the AES. But we in the CEOE will take no part in the burial of the Economic and Social Agreement.

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CSO: 3548/17

ECONOMIC

SPAIN

COST OF LIVING RAISES FOR 1986 PEGGED TO INFLATION

Madrid CAMBIO 16 in Spanish 28 Oct 85 pp 60-63

[Article by Cruz Sierra]

[Text] The Spanish people's standard of living will not improve in 1986. It is going to be the same as this year's. This will be true at least for the 7 million wage earners--and their families--whose pay is worked out through collective bargaining.

The major unions and management organizations have already prepared instructions for their affiliates for the renewal of the 1986 contracts. And all of them, except for the CO [Workers Committees], have agreed that the wage increases will equal the inflation rate predicted for the end of next year: 8 percent. This means the government is achieving its objective of freezing the people's purchasing power as part of its austerity policy.

The worst thing for people on salaries is that this austerity is still going to be around for a few more years. President Felipe Gonzalez was quite definite in announcing "austerity for the rest of this decade." And the new economic policy objectives have included this factor, announcing zero growth in real salaries over the next 4 years.

The AES [Economic and Social Agreement] has kept salaries well tied down for 1986. According to the agreement, salaries will go up at a rate ranging from 90 to 107 percent of the inflation rate predicted for the year. In the beginning, the government set expected price increases for 1986 at 6 percent. However, it later had to correct its calculations, increasing them by 2 points to absorb the price increase that will be triggered by the IVA [Value Added Tax]. So in the end, it came to 8 percent for prices and another 8 percent for salaries.

Nevertheless, these calculations do not include what are called salary slippages. These are small increases in salaries--generally, 1 point--that are not controlled in the negotiations between management and workers, and which come as supplements and bonuses in most payrolls: transportation allowances, allowances for children, for length of service, etc. Because of these slippages, real salaries for the coming year may show a slight gain in purchasing power.

The government has managed to almost entirely eliminate labor conflicts from the agenda for the coming spring. Contract negotiations will not disrupt the series of election campaigns: the general elections, the NATO election, the Andalusian elections, European Parliament elections, and union elections.

But some points of conflict may yet arise, primarily on the part of the CO. They have calculated a 9 percent average price increase for the entire year, to which they add 2 points for inflation caused by the IVA. Therefore, the 800,000 CO affiliates will be demanding an 11 percent wage hike in their contracts. However, the experience of the past few years has shown that CO demands have taken on an almost ritual character, and that later the union leaders fall back to more moderate positions.

In any event, the CO insists that inflation is going to be much higher than the government is predicting: "We are basing this on the forecasts that the ministry of industry sent to the electricity sector. These forecasts set the expected price increase at 12 percent, as a point of reference for the rise in electricity rates," commented Agustin Moreno, the CO's secretary for union action. He added that, even though they may not get salary revisions of this magnitude, at least they will put an upward pressure on salaries. The CO is also going to apply pressure to shorten the working day, in order to make the 39-hour workweek more widespread.

There are also going to be some difficulties in contracts with public enterprises. The administration has already announced that there will be austerity in the public sector (starting with officials, who will only get an increase of 7.2 percent). And the UGT [General Union of Workers] has made it very clear that it is not going to accept salary increases below the range set in the AES. "There are going to be serious problems if the government tries to negotiate below the AES. I also foresee problems with the pension supplements in some public enterprises," warned Anton Saracibar, the UGT's secretary for union action.

Without denying or confirming anything, the personnel director for the entire INI [National Institute of Industry], Miguel Cuenca, said that the Institute intends to apply the principles set forth in the AES: "But the AES ranges from 0 to 8 percent, and we can use the release clause in business that are having economic problems. We are studying this," said Miguel Cuenca. Still, an idea of what is going to happen in the public sector negotiations this year reminds us that in 1986 the contracts for the companies with the biggest losses in the INI are going to be up for renewal: ENSIDESA [National Iron and Steel Enterprise, Inc], AHM, pegaso, Iberia, Astilleros, etc. The "healthy" companies signed 2-year contracts in 1985.

Nor do the businessmen foresee any special complications in the coming negotiations. They understand very clearly that they are not going to grant

the slightest fraction above 8 percent in salary increases, and also that no one is going to ask them to do so. But there are still some clouds on the horizon. For example, management's payment of the salary revision for 1985: 82 percent of the contracts signed this year contained revision clauses. As inflation will very probably exceed the 7.38 percent average salary increase agreed upon in the contracts, the businessmen will have to pay their employees the difference between what was agreed and the IPC [Consumer Price Index]. The CEOE [Spanish Confederation of Business Organizations] has calculated what this is going to cost them. A one-point salary increase represents an average of 18,000 pesetas per worker per year. In all, the approximately 6 million workers covered by the salary revision clause will cost their employers slightly more than 100 billion pesetas.

The CEOE is concerned about the situation of some businesses that will have to pay the revision (in March) and at the same time, the salary increase for 1986. They are also concerned about the CO's demands for a revision of the salaries of 1 million workers who this year signed 2-year agreements, setting their salary increase for 1986 at 6 percent. This was what the government had initially calculated as the inflation forecast for 1986, which was later revised upward to 8 percent.

The CO has been saying that "acting both morally and as a union," it has the right to tear up those contracts and demand a bigger increase, while the UGT and CEOE are opposed to this, arguing that the contracts signed can not be broken at the whim of one of the parties. "Let them keep their promises. We won't change a single comma," stated Fabian Marquez, the CEOE's labor adviser.

In general, the effect of such wage austerity on the country (Spain and Denmark are the only European countries with their real salaries frozen) will be a greater recovery of business surpluses and profits and better prospects for investment. The government wants to draw some advantage from the salary sacrifices of past years and is keeping on with the salary freeze, in the hope that buisnessmen who have enough money will decide to invest and create new jobs. Their idea is to expand the increase in consumption, not through boosting the purchasing power of wage earners, but rather through an increase in the number of salaried workers (new jobs resulting from investment).

But things are not all that simple. The CEOE and the businessmen are preparing to hold a meeting in November to show their strength and the importance of business: the First Congress of Businessmen. There they are going to demand--once again, but this time more strongly--freedom to fire and increased flexibility in dealing with their employees. This old demand of Spain's business community is what is now souring relations between the CEOE, the UGT, and the government, to the point of actually destroying the AES.

The future of the agreement depends on whether or not Joaquin Almunia, the minister of labor, convenes the upcoming meeting of the AES Application Commission, scheduled to be held in November, and on whether the CEOE will agree to take part in it, or will just stand aside, as it did the last time, when it demanded that the president appear. On the other hand, the UGT would prefer to consider the AES dead and just keep one of its clauses on the CEOE-UGT confederation agreement, related solely to collective bargaining for 1986. Or what amounts to the same thing--have their formal group photo taken together with the businessmen, leaving the government on the sidelines.

People in the ministry of labor are barely concerned at all about problems related to the AES, though ("80 percent of its commitments have been met and are now in operation"). Nor are they worried about salaries, strikes, or collective bargaining. There, attention is focussed almost exclusively on Spain's entry in the EEC. "Our challenge for 1986 will be the European Community. Learning how to use all the advantages offered us by these social funds in order to develop jobs, to promote job training, retraining, etc.," says Alvaro Espina, secretary general for employment and labor relations. And he warns that, if in 10 years workers' skills have not been upgraded, then the EEC will come to have a strong negative impact on jobs.

#### Salaried Workers Are Losing Ground

Last year the percentage of wages and salaries in our national income was the lowest it had been since 1971, and all the indicators suggest that this year it will continue to decline.

Arithmetically, when salaries decline in relation to the total income, there is another item that increases.

This is non-salary income, that is, all other incomes, ranging from business profits to the earnings of self-employed workers.

In the past 2 decades, trends in wages and salaries have shown three very distinct periods. Between 1964 and 1976 wages and salaries rose from 53.2 percent of the total to 64.8 percent. Then they began to decline slowly, until reaching 64.1 percent in 1981. Since that time, salaries have dropped sharply, slipping to 59.5 percent last year.

Two simultaneously occurring phenomena, viewed in a purely descriptive and mechanical way, reflect the decline in the proportion of wages and salaries in national income: the deceleration of personal salaries and the change in employment from a positive to a negative sign.

Real wages, which had grown at a rate above 6 percent a year between 1964 and 1976, halved their rate of growth in 1976-1981, and were down to 0.6

percent in 1981-1984. Job growth switched from increasing at a rate of 1.5 percent a year between 1964-1976 to declining at a rate of 2.5 percent a year in 1976-1984. The simultaneous decline in job creation and in the growth of real wages and salaries is related to other factors. One cause has been Spain's impoverishment in a series of worldwide economic crises,

100		Rentas no salariales (1)			
53,2	56,3	60,6	64,8	63,2	59,5
50					Rentas salariales (2)
1964	68	72	76	80	84

Percentage of salaries in national income

**Key:**

1. Non-salary incomes
2. Salary incomes

Another factor, paradoxically, has been the salary increases themselves, which have encouraged businesses to replace labor by increasing their reliance on other factors of production, such as investment or a more intensive use of materials.

It does not seem likely that the trend will change in the short term. The percentage of salaries in national income can be expected to stabilize at levels even lower than the present level. But more than the relative percentage of the various groups of workers in our national income, what is important is that the income should increase for all.

The shrinking size of salaried incomes does have some quite varied consequences, though. For unions, it means a loss of influence and power. For the treasury, the shrinkage of an important tax base. And for young people, a search for independent occupations.

7679  
CSO: 3548/17

ENERGY

NORWAY

#### OIL COMPANIES PLAN RECORD INVESTMENTS IN RESEARCH

Oslo AFTENPOSTEN in Norwegian 21 Nov 85 p 45

[Article by Morten Woldsdal]

[Text] Stavanger, 20 Nov--The three biggest Norwegian oil companies--Statoil, Norsk Hydro and Saga Petroleum--will spend a total of 800 million kroner in 1986 on research and development in the area of new technology. The companies have never spent so much money in this area before. The work will be carried out in close co-operation with Norwegian firms and research institutions. According to Statoil press spokesman Hakon Lavik Norway is becoming a world leader in the development of oil technology for use at great ocean depths.

The research and development investments of the three Norwegian oil companies will be considerably higher next year compared to this year. And the companies anticipate continued growth in subsequent years. In 1986 Statoil will account for about half of the 800 million kroner, Norsk Hydro will invest a little under 300 million kroner and Saga Petroleum will spend a little over 100 million kroner on research and development into new technology.

Saga press spokesman Vibjorn Madsen told AFTENPOSTEN that his company's research and development investments have been increased substantially in recent years. The company anticipates continued strong growth in this area.

Much of Saga's investment is connected with development of the Snorre field in the North Sea, according to Madsen. Saga is the operator for this development project and Esso is the technical assistant. Snorre is located in fairly deep water and there is a need for new construction solutions to make the project profitable.

"Among other things we have developed two platform ideas that can be used for Snorre," said Vibjorn Madsen. These platforms use steel construction and Saga's eventual aim is to have them built by Norwegian shipyards. In addition to working on new platform solutions the company is also doing a lot of work on oil technology for underwater use at great ocean depths.

"Saga is in a strong building phase as an oil company. Our research and development investments will form our technological platform in the years to come," said Vibjorn Madsen. "Much of Saga's effort in this area occurs in close cooperation with Norwegian firms and research centers."

Norsk Hydro's information chief Tor Steinum said that about half the company's research and development efforts next year will occur within Hydro's own system--in Bergen and Heroya, among other places. The rest--about 150 million kroner--will be used for "outside" assignments.

Norsk Hydro is the operator for the Oseberg development and a great deal of the company's technological development is closely related to this project. However Norsk Hydro also plays a central role in developing the Troll field in the North Sea--along with Shell, Statoil and Saga Petroleum.

"About half of our research and technological development is connected with Oseberg and Troll, while the rest is not directed at specific projects. This involves research connected with earth sciences, drilling, new platform solutions, diving technology, underwater technology, knowledge concerning metals, the environment and safety, and so on," said Tor Steinum.

Statoil--the largest of the three companies--is also the Norwegian oil company that spends the most money on research and technological development. Press spokesman Hakon Lavik said that a lot of this work is directed toward the development of Gullfaks and Troll as well as the possibilities of future development projects off the coast of central and northern Norway.

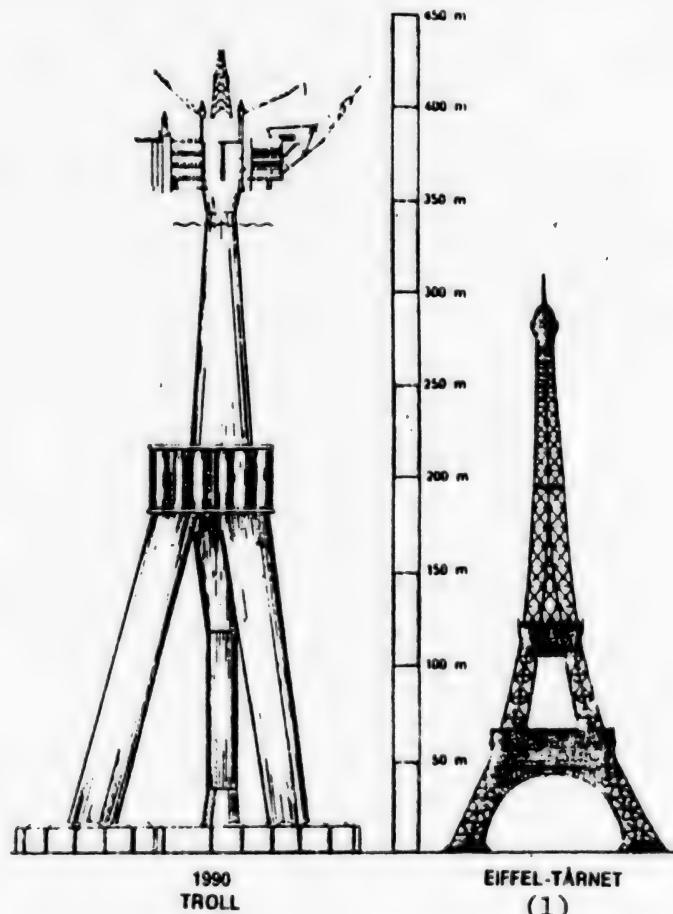
"New methods for cooling and transporting liquefied gas (LNG), underwater production systems and platform solutions for deep water are central elements in our work. We also do a lot of work on so-called multiphase transport in pipelines. This involves the possibilities of transporting oil and gas in the same pipeline. Today we have to have separate pipelines for oil and gas. If we could use the same pipeline system we could save an enormous amount of money," said Hakon Lavik.

Statoil also has a very close relationship with Norwegian firms and research centers. Most of the research and development work that is not done inside the company is assigned on a commission basis to Norwegian firms and research workers.

"The Troll project is the big driving force in the development of underwater technology today. This is the biggest ocean gas field in the world and it lies in very deep water. Here Norway has a unique opportunity to become a world technology leader--nowhere else in the world is this kind of field being developed at the present time," the Statoil press spokesman pointed out.

According to him in the next 10 years the Troll project could give the Norwegian oil companies, Norwegian industry and Norwegian researchers technological superiority on an international scale.

"And the technology that is developed for Troll can be used in other fields at comparable ocean depths all over the world. This could be very important for Norwegian firms and research institutions in the future," Hakon Lavik of Statoil said.



The challenges involved in developing the Troll field could enable Norway to become a technological leader in this area. The sketch illustrates the dimensions of the project.

Key:

1. Eiffel Tower

6578  
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ENERGY

ICELAND

ELECTRIC POWER CONSUMPTION EXPECTED TO DOUBLE BY 2015

Reykjavik FRJALS VERZLUN in Icelandic No 7, Oct 85 p 10

[Text] The Icelandic Energy Projection Committee has recently issued its new projection up to the year 2015. The projection assumes that public electrical power consumption will increase by almost 70 percent from 1984 until the end of the century and will nearly double by the year 2015. The new power projection foresees 1,200 gigawatt less electrical energy consumption than did the committee's 1981 energy forecast. It may in fact be mentioned that the projections of the committee during the 10 years that it has been making projections have fallen consistently short. The Icelandic Energy Projection Committee is a cooperative venture for making energy projections between the largest companies, institutions and associations in the energy industry here in Iceland. The committee has produced three energy projections during its period of existence, that is, in 1977, 1978 and 1981. According to the new projection, public electrical energy consumption will increase by 4.2 percent a year during the period 1984 to 1990 and by 2.7 percent a year from 1990 to 2000. Provision is made for an annual rate of growth of 1.8 percent between the year 2000 and 2015. It should also be mentioned that electrical energy consumption has grown far more in past decades, on the average, than the new projection has made provisions for. During the last ten years, electrical energy consumption has grown an average of 6 percent a year, during the last 5 years, on the other hand, by 4.7 percent a year.

9857  
CSO: 3626/11

ENVIRONMENTAL QUALITY

FINLAND

#### PROBLEM WASTE COLLECTION NEGLECTED BY MOST MUNICIPALITIES

Helsinki HELSINGIN SANOMAT in Finnish 21 Nov 85 p 6

[Article: "Most Municipalities Have Neglected Problem Waste Collection"]

[Text] Most of the municipalities have neglected the proper collection of problem wastes. The provincial governments are presently preparing an extensive report on the problems of the municipalities in regard to problem waste management for further consideration.

According to the legislation on waste management it is the responsibility of the municipalities to arrange for the reception of problem wastes and oil residues, unless an unreasonable amount of waste is in question.

The central organizations of the municipalities mailed, already in 1980, to the municipalities guidelines for the planning of reception sites, their founding and management. In spite of this only every fifth municipality has organized the collection of its problem wastes.

#### The Municipalities Have Been Reminded

The provincial government's environmental protection officials wonder at the laxity of the municipalities. The municipalities have already been reminded several times about defects in waste management. "These matters should have been put in order already last year. In one municipality we asked where the directions and orders we had sent were. The answer was that they were on the waste management map, but they could not be found there either" reported inspector Mikko Lukkarinen from the provincial government of Oulu.

The municipalities should now finally arrange proper collection stations for the problem wastes. The collection site does not require the processing of the problem wastes as presumed by the waste management legislation. For example, a movable container that could be placed even at the municipal center can serve as a collection site, says Lukkarinen.

According to Lukkarinen there is no point in situating the collection site far away at the dump sites, since no one will bother carrying old medicine bottles or a small waste oil can long distances. Besides the dump sites of small municipalities are open only sporadically.

### **"Liquid Wastes Worth Collecting"**

The municipalities are not obligated to receive unreasonably large quantities of problem wastes. "The municipality should, however, receive the liquid wastes of small enterprises even though not specifically obligated to do so. The wastes of small enterprises are easily transported, along with other wastes, to the dump site" says the sales manager, Markku Aaltonen of Ekokem Co.

According to Aaltonen 70 percent of Finland's problem wastes are generated south of the Pori-Lappeenranta boundary.

"Unfortunately an even greater percentage is transported to the Riihimaki problem waste processing plant south of this line. In other words the collection of problem wastes in the more sparsely settled parts of Finland is not in order," says Aaltonen.

### **Distances Does Not Increase Costs**

According to Aaltonen transportation distance is not an obstacle as the problem wastes that come from a distance of over 120 kilometers are transported on the state railroad at the same rate because of a shipping subsidy.

Rautaruukki and GWS Finncont have developed a simple solution for the regional collection and storage of problem wastes. A steel container, inside of which are placed smaller storage containers for, for example cotton waste, medicine bottles and filters, as well as for waste oil, functions as the collection station. As needed the smaller containers, or the entire large container, can be sent to Riihimaki by rail.

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